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Extrajudicial, summary or arbitrary executions

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the interim report of the Special Rapporteur on extrajudicial, summary or arbitrary executions, Philip Alston, submitted in accordance with General Assembly resolution 61/173.

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Report of the Special Rapporteur on extrajudicial, summary or arbitrary executions

Summary

The present report coincides with the twenty-fifth anniversary of the creation of the mandate on extrajudicial, summary or arbitrary executions. Established in 1982, it was the very first of the thematic special rapporteurships set up by the Commission on Human Rights. This important anniversary makes it appropriate to reflect on the functioning of the mandate during this period. In addition, the intense scrutiny applied to the special procedures as a whole in the context of the transition from the Commission to the Human Rights Council means that consideration should be given to the ways in which the Council and the General Assembly could strengthen the support they provide to the system as a whole. Section II of the report provides information on the most recent activities undertaken by the Special Rapporteur in relation to specific situations. Section III takes note of the situation in Darfur. Section IV reviews some of the ways in which the mandate has developed over the past quarter of a century. Section V draws attention to some of the factors which have hindered the effectiveness of the techniques used, drawing in particular upon country-specific case studies. Section VI contains a recommendation that calls upon the General Assembly and the Council to take steps to remedy these shortcomings.

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I. Introduction

1. The present report marks the twenty-fifth anniversary of the creation of the mandate on extrajudicial, summary or arbitrary executions.[1] Established in 1982, this was the very first of the individual thematically focused rapporteurships set up by the Commission on Human Rights. This important anniversary, combined with the intense scrutiny applied to the special procedures as a whole in the context of the transition from the Commission to the Human Rights Council, makes it appropriate, and even essential, to reflect on key aspects of the current functioning of the mandate. Section II of this report provides information on the most recent activities undertaken by the Special Rapporteur in relation to specific situations. Section III takes note of the situation in Darfur. Section IV reviews some of the ways in which the mandate has developed over the past quarter of a century. Section V draws attention to some of the factors which have hindered the effectiveness of the techniques used, drawing in particular upon country-specific case studies. In Section VI the report calls upon the General Assembly and the Council to take steps to remedy these shortcomings.

2. For assistance in the preparation of the present report, the Special Rapporteur is grateful to the staff of the Office of the High Commissioner for Human Rights and to William Abresch, Director of the Project on Extrajudicial Executions based at the New York University School of Law, who has provided first-rate assistance and advice. Patrick Mair also contributed importantly to the underlying research.

II. Country visits

A. Visits requested

3. While a number of visits have been carried out successfully, as of August 2007, a lack of cooperation by States has prevented the Special Rapporteur from visiting 90 per cent of the countries from which he has requested invitations. He has identified 30 countries in relation to each of which he has received credible reports of significant concerns arising in terms of his mandate. In each of these cases he has concluded that a country visit is warranted if he is to carry out the responsibilities entrusted to him by the Human Rights Council. He is grateful to the Governments of Guatemala, Lebanon and the Philippines, each of which has facilitated a visit during the past year.

4. Since his previous report, the Governments of Brazil, the Central African Republic and Yemen have issued invitations to the Special Rapporteur. Brazil and Yemen have not set dates for a visit, despite several requests to do so. A mission to Guinea was approved and ready to go in March 2007, but was cancelled at the last moment, as explained below.

[1] When the mandate was first created the focus was on "summary executions". Along with the expansion of the mandate which is documented in this report has come additional terminology to ensure that all types of killings for which governmental responsibility is alleged are included within the confines of the mandate. In the remainder of this report the term "extrajudicial executions" is used for convenience to describe the mandate as a whole.

5. The responses of the remaining 23 countries have ranged from complete silence, through formal acknowledgement, acceptance in principle but without meaningful follow-up, to outright rejection.[2] The Government of Singapore, for example, with the highest per capita rate of judicial executions in the world, has firmly rejected a request for a visit. Instead the Government has opted to level ad hominem attacks by accusing the Special Rapporteur of pursuing a "personal agenda" that exceeds his mandate. Rather than opting to engage, the Government of Singapore asserts that it is for the Government whose practices are called into question, rather than the Special Rapporteur, to interpret the mandate given by the Council.

6. Six members of the Human Rights Council have failed to issue requested invitations: Bangladesh, China, India, Indonesia, Pakistan and Saudi Arabia. In the light of the pledges offered in connection with elections to the Human Rights Council and of provisions in the Code of Conduct for Special Procedures Mandate-holders of the Human Rights Council urging all States to cooperate with, and assist, the special procedures in the performance of their tasks,[3] this failure on the part of Council members is especially problematic. In some cases, the relevant requests were first made some seven years ago.

7. Another State, the Islamic Republic of Iran, has issued a "standing invitation" to the special procedures but has repeatedly failed to respond to requests that dates for a visit be set, despite several meetings and an extensive correspondence. The remaining States with outstanding requests are El Salvador, Israel, Kenya, the Lao People's Democratic Republic, Nepal, Russian Federation, Singapore, Thailand, Togo, Trinidad and Tobago, Uganda, the United States of America, Uzbekistan, Venezuela (Bolivarian Republic of) and Viet Nam. The consequences of this overall situation are addressed below in section IV of the report.

B. An aborted mission

8. An agreed visit to the Republic of Guinea had to be aborted in March 2007, after the Government postponed the mission and subsequently failed to agree to a series of requests to reschedule the mission.

9. In the light of reports the Special Rapporteur received regarding events in Guinea in January 2007, he wrote to the Government on 9 February 2007 requesting an invitation to conduct a mission, and the Government extended an invitation to visit in a letter dated 22 February 2007. Subsequently, the Government agreed for a mission to take place from 21 to 25 March 2007. After a considerable amount of preparatory work for the mission had been undertaken, the Government requested in a letter dated 16 March that the mission be postponed for "evident administrative reasons". On 3 April 2007, the Special Rapporteur wrote to the Government suggesting new dates of 16-21 April 2007 for the mission and, while an acknowledgement of the letter was received, no agreement was reached. He again wrote to the Government on 13 April 2007 asking the Government to propose new dates for the mission, but only a letter of acknowledgement was received. While the Special Rapporteur is grateful to the Government for its initial agreement to a visit,

[2] The precise details are contained in document A/HRC/4/20, paras. 11-14.

[3] See Human Rights Council resolution 5/2 of 18 June 2007 (A/HRC/5/21, chap. I, sect. A).

the last-minute postponement of the mission, combined with its failure to agree upon new dates, was deeply disappointing.

10. According to credible and consistent information received from the United Nations, non-governmental organizations and media sources, during January and February 2007, at least 130 persons were killed and over 1,500 wounded by the security forces of the Government of Guinea in the course of suppressing a general strike led by trade unions and other civil society actors. The Special Rapporteur received numerous reports that the security forces opened fire on unarmed protestors in violation of accepted standards of international human rights law.

11. The Special Rapporteur notes the adoption of legislation on 18 May 2007 establishing a new independent national commission of inquiry charged with "conducting investigations into grave human rights violations and offences committed during the strikes of June 2006 and January-February 2007".[4] Much remains to be done, however, including the provision of adequate government funding for the commission, the initial appointment of its 19 members, outreach to potential witnesses and victims, and implementation of an effective witness protection programme. These factors, as well as highly problematic provisions providing for the exclusion of the media and the public from hearings, combine to give little confidence that the commission will achieve any of its stated objectives, other than relieving pressure upon a Government which had been facing strong domestic and international calls for accountability.

C. Updates on visits undertaken

12. The Special Rapporteur visited the Philippines from 12 to 21 February 2007 and travelled to Manila, Baguio and Davao. During the visit, he met with virtually all of the relevant senior officials of Government and with numerous members of the Armed Forces of the Philippines and of the Philippines National Police in Baguio and Davao as well as Manila. The Special Rapporteur is grateful to the Government for the full cooperation it accorded to him. He spoke with members of a large number of civil society organizations with diverse views, interviewed witnesses to 57 incidents involving 96 extrajudicial executions, and also received files regarding a total of 271 extrajudicial executions.

13. Over the past six years, there have been many extrajudicial executions of leftist activists in the Philippines. These killings have eliminated key civil society leaders, including human rights defenders, trade unionists, land reform advocates and others, intimidated a vast number of civil society actors and narrowed the country's political discourse. Depending on who is counting and how, the total number of such executions ranges from over 100 to over 800. Counter-insurgency strategy and recent changes in the priorities of the criminal justice system are of special importance to understanding why the killings continue.

14. Many in the Government have concluded that numerous civil society organizations are "fronts" for the Communist Party of the Philippines and its armed group, the New People's Army. One response has been counter-insurgency operations that result in the extrajudicial execution of leftist activists. In some areas,

[4] Amnesty International, Guinea: "Soldiers Were Shooting Everywhere": The security forces' response to peaceful demands for change, 27 June 2007.

the leaders of leftist organizations are systematically hunted down by interrogating and torturing those who may know their whereabouts, and they are often killed following a campaign of individual vilification designed to instil fear into the community. The priorities of the criminal justice system have also been distorted, and it has increasingly focused on prosecuting civil society leaders rather than their killers.

15. The Special Rapporteur concluded at the completion of his visit that the military was in a state of denial concerning the numerous extrajudicial executions in which its soldiers were implicated. Military officers argue that many or all of the extrajudicial executions have actually been committed by the communist insurgents as part of an internal purge. The New People's Army does commit extrajudicial executions, sometimes dressing them up as "revolutionary justice", but the evidence that it is currently engaged in a large-scale purge is strikingly unconvincing. The military's insistence that the "purge theory" is correct can only be viewed as a cynical attempt to displace responsibility.

16. Some of the other situations in which extrajudicial executions occur in the Philippines were also studied during the visit. Journalists are killed with increasing frequency as a result of the prevailing impunity together with the structure of the media industry. Disputes between peasants and landowners, as well as armed groups, lead to killings in the context of agrarian reform efforts, and the police often provide inadequate protection to the peasants involved. A death squad operates in Davao City, with men routinely killing street children and others in broad daylight. While human rights abuses related to conflicts in western Mindanao and the Sulu archipelago have received less attention that those related to the conflict with the communist insurgency, serious abuses clearly do occur and improved monitoring mechanisms are necessary.

III. The situation in Darfur

17. In terms of the mandate on extrajudicial executions, the situation in Darfur has long been one of the most troubling. The then Special Rapporteur visited Darfur in 2004 and the present Special Rapporteur has kept the situation very carefully under review. At the same time, he has refrained from requesting another country mission in light of various ongoing activities of the mechanisms of the Human Rights Council designed to address the situation.

18. In its resolution 4/8 of 30 March 2007[5] the Human Rights Council appointed the Special Rapporteur a member of a group of experts on the situation of human rights in Darfur. The Council acknowledged the seriousness of ongoing violations of human rights and international humanitarian law in Darfur and the lack of accountability of the perpetrators of such crimes. The challenge, however, is to move beyond the mountain of paper condemnations and expressions of deep concern which have achieved all too little in terms of protection of the human rights of the population of Darfur.

19. The expert group decided to adopt a pragmatic approach designed to promote step-by-step compliance by the Government of the Sudan. After reviewing a depressingly large assortment of recommendations already made by international

[5] See A/HRC/4/123, chap. I, sect. A.

human rights bodies the expert group identified priority areas and selected and synthesized various recommendations whose implementation it felt could facilitate a systematic improvement in the situation. It then indicated specific measures which should be taken in the short (3 months) and medium (12 months) terms.[6] This approach was warmly welcomed by the Council and the expert group will continue for the remainder of 2007 to monitor the responsiveness of the Government of the Sudan.

20. Much of the energy of the international community in the past year has been on the need to establish a larger and more effective international presence in Darfur. The adoption of Security Council resolution 1769 (2007) on 31 July 2007 was thus of major significance. Adopted unanimously, it increases almost fourfold the existing number of peacekeepers authorized to be deployed in the Sudan, gives both the United Nations and the African Union important roles, and authorizes action to be taken under Chapter VII of the Charter of the United Nations by the African Union-United Nations Hybrid Operation in Darfur to protect its own personnel and to prevent "armed attacks, and protect civilians, without prejudice to the responsibility of the Government of the Sudan" (para. 15 (a) (ii)).

21. In the year ahead, however, even if the Hybrid Operation proceeds on schedule, it will be important to ensure that the human rights dimensions of the situation are also consistently addressed. The Human Rights Council must thus remain vigilant and ready to take action whenever necessary.

IV. Review of the mandate's development over 25 years

22. It is instructive to review the development of the mandate over the past 25 years. In many ways, this mandate has been at the forefront of efforts to develop an effective overall international regime for responding to human rights violations. This is partly a function of the fact that it was the very first of the thematic special rapporteurships and partly because of the central importance of the issue of unlawful killings which constitute the core of the mandate.

23. This is not the first review carried out by the Special Rapporteur. In 1992, after a decade of experience, one of his predecessors wrote that:

> The mandate of the Special Rapporteur ... has evolved during the last 10 years. This evolution is due, on one hand, to the variety of situations presented to the Special Rapporteur which have required interpretation of the concept of "summary or arbitrary execution" and, on the other, to subsequent resolutions of the General Assembly, the Economic and Social Council and the Commission on Human Rights concerning the mandate of the Special Rapporteur, and the continuing development of international standards which directly or indirectly concern the right to life. Similarly, the compelling necessity to respond, as effectively as possible, to situations where the right to life is in danger, and the response of Governments, the General Assembly, the Economic and Social Council and the Commission on Human Rights to the

[6] See A/HRC/5/6.

activities of the Special Rapporteur, have contributed to the evolution of the working methods of the Special Rapporteur.[7]

24. The reference to "working methods" must be read as encompassing not only the procedures used but also the types of issues dealt with. While much has changed since these reflections of 15 years past, one continuity is the complex matrix out of which the mandate's innovations continue to emerge.

25. The Commission has defined the mandate by reference to the phenomena of extrajudicial, summary and arbitrary executions while largely relying on the expertise of those appointed as Special Rapporteur to define the legal framework and develop appropriate working methods. The continuing contributions of the Commission, the General Assembly and now the Council to the mandate's development have been principally by way of calling the Special Rapporteur's attention to groups of victims and country situations that are of special concern. In these respects, the mandate reflects the basic architecture of the special procedures system, which couples the power and political understanding of Governments with the independent legal expertise of those appointed as mandate holders.

26. What follows is by no means an exhaustive survey of the mandate's development over the past two and a half decades. The Special Rapporteur plans to prepare a more detailed and comprehensive report in the course of the next year or so. Instead, this report presents a series of case studies chosen to illuminate several of the key mechanisms by which the mandate has developed to respond to new opportunities and take on emerging challenges. Consideration is thus given to developments in relation to a select range of the substantive issues addressed by the mandate as well as some of the procedural issues in terms of techniques used to promote the objectives of the mandate.

A. Confronting problematic innovations in counter-terrorism tactics

27. The past few years have seen innovations in Governments' counter-terrorism tactics, some of which are clearly problematic in human rights terms. In some instances, Governments have contended that these tactics — and the terrorist methods they counter — are not covered by the existing legal framework of human rights and humanitarian law. The roles and responsibilities entrusted to the special procedures system have proven valuable in responding to these arguments. Independent experts have been well positioned to analyse the ways in which existing law can be adapted in accordance with widely accepted principles to address new situations. And they have been able to do so in ways that are objective and informed both by rigorous legal analysis and by extensive experience.

28. The practice of so-called "targeted killings" provides an example. The Special Rapporteur has addressed allegations concerning such killings to both Israel and the United States, as well as to countries on whose territories such killings have taken place.[8] The largest challenge has been the lack of cooperation these countries have shown: Israel has not addressed the substance of allegations, and the United States has insisted that the whole issue falls outside the mandate. The Special Rapporteur

[7] E/CN.4/1992/30, para. 605.

[8] A/HRC/4/20/Add.1, annex, pp. 244-246 and 342-361; E/CN.4/2006/53/Add.1, annex, pp. 129-136, 183-184 and 264-265; E/CN.4/2005/7/Add.1, paras. 357-361.

has used thematic sections of his reports to clarify the manner in which human rights and humanitarian law norms apply to this tactic. The Special Rapporteur's report to the Commission on Human Rights in 2005 discussed due process safeguards and noted that "[e]mpowering Governments to identify and kill 'known terrorists' places no verifiable obligation upon them to demonstrate in any way that those against whom lethal force is used are indeed terrorists, or to demonstrate that every other alternative has been exhausted ... it makes a mockery of whatever accountability mechanisms may have otherwise constrained or exposed such illegal action under either humanitarian or human rights law".[9]

29. The Special Rapporteur has engaged in a robust and constructive dialogue with the United States regarding its contention that targeted killings are part of armed conflict and that the mandate does not apply to armed conflicts. The Special Rapporteur rejected this contention and called the Council's attention to the extent to which excluding such conduct from the mandate would risk its very purpose.[10] The Commission had endorsed this view, stating that "international human rights law and international humanitarian law are complementary"[11] and expressing "grave concern over the continued occurrence of violations relating to the right to life highlighted in the report of the Special Rapporteur as deserving special attention [including] violations of the right to life during armed conflict".[12]

30. The Special Rapporteur has also addressed the adoption of "shoot-to-kill policies" by law enforcement agencies in response to the threat of suicide bombers. While recognizing that unconventional threats may demand unconventional responses, the Special Rapporteur emphasized that existing human rights law already provides a framework for reconciling State obligations to respect the rights of suspects and to protect the lives of the population at large. The Special Rapporteur clarified how the general rules regulating the use of lethal force by law enforcement officials apply to the unusual case of a suspected suicide bomber.[13]

31. The Special Rapporteur noted that, on the one hand, there are circumstances in which the immediate use of lethal force without a prior warning may be justified but explained that, as a matter of law, a State cannot "strip the use of lethal force of its usual safeguards ... without providing any alternative safeguards".[14] He explained the form that such alternative safeguards might take. He also defended the key role of public accountability in ensuring that the right to life is protected, and he noted that a State using such a policy would need to "accept the implications of shooting based on intelligence information on the requirement that States publicly investigate deaths and prosecute perpetrators where appropriate. Investigations and trials may require the disclosure of some intelligence information. To withhold such information would be to replace public accountability with unverifiable assertions of legality by the Government, inverting the very idea of due process".[15] This general legal analysis has informed his correspondence with the United Kingdom on the case of Jean Charles de Menezes, illustrating again the manner in which the

[9] E/CN.4/2005/7, para. 41.

[10] A/HRC/4/20, paras. 18-28; see also A/HRC/4/20/Add.1, annex, pp. 342-358.

[11] *Official Records of the Economic and Social Council, 2005, Supplement No. 3* and corrigenda (E/2005/23 and corrigenda), chap. II, sect. A, resolution 2005/34, preamble.

[12] Ibid., *2002, Supplement No. 3* (E/2002/23), chap. II, sect. A, resolution 2002/36, para. 13 (a).

[13] E/CN.4/2006/53, paras. 44-54.

[14] Ibid., para. 49.

[15] Ibid., para. 54.

mandate's working methods allow for the fruitful interaction of general analysis and its concrete application.[16]

32. The Special Rapporteur's engagement on these issues has demonstrated that what sometimes seems like a weakness of the special procedures system — the idea of a dialogue of a single expert with all of the countries of the world — can also be one of its strengths. Through continual engagement with a large number of countries facing a vast variety of complex situations, special procedures mandate holders are unlikely to be susceptible to claims that any particular event or situation is so exceptional as to fall outside the existing legal framework. Their legal expertise, together with their broad human rights experience that is further developed within their mandates, mean that they can at once apply the law to novel situations and recognize that old practices do not become new merely through the application of new names. Their independent status also insulates them from political pressures that might tend to excuse unlawful practices against unpopular groups of people and thus undermine the universality of fundamental norms. In playing this role, a number of mandate holders have addressed a range of practices — including diplomatic assurances in cases of refoulement, terrorist profiling, terrorist group listing and proscription and the use of secret prisons — thereby ensuring that international human rights instruments continue to offer effective protection of individual rights, even as the challenges facing States continue to evolve.[17]

B. Assisting in the protection of refugees and internally displaced persons

33. The Special Rapporteur has addressed a number of threats to the lives of refugees, other migrants, and internally displaced persons. In a field in which many actors have highly specialized mandates or remits the comprehensive normative approach adopted by the Special Rapporteur makes an important contribution. Refugees were identified in the first report of the Special Rapporteur as one of 15 sets of "[t]argets of summary or arbitrary executions",[18] and he focused especially on the dangers that counterinsurgency operations could pose to those in refugee camps.[19] That report also discussed three specific allegations that the Special Rapporteur had received regarding the killing of refugees, illustrating that from the beginning that the Special Rapporteur's thematic concerns emerged from concrete situations.[20]

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[16] E/CN.4/2006/53/Add.1, annex, pp. 258-261.

[17] A/60/316, paras. 29-52 (Special Rapporteur on torture and other cruel, inhuman or degrading treatment or punishment); A/HRC/4/26, paras. 32-62 (Special Rapporteur on the promotion and protection of human rights while countering terrorism); A/61/267, paras. 9-41 (idem); E/CN.4/2006/7, paras. 53-59 (Working Group on Arbitrary Detention).

[18] E/CN.4/1983/16, para. 104.

[19] Ibid., para. 114.

[20] See E/CN.4/1983/16. These allegations were that Salvadoran soldiers killed Salvadoran refugees in camps in Honduras (note verbale, para. 155; response, annex IX, p. 11), that civilians were killed in refugee camps in Lebanon while they were under the control of the Israeli armed forces (note verbale, para. 174; response, annex IX, p. 32), and that the South African military attacked Namibian refugee camps located in Angola (letter, para. 184).

34. The work of the Special Rapporteur in relation to these issues provides a good illustration of the way in which potentially overlapping mandates adjust to accommodate one another and to avoid unproductive duplication of effort. Thus, the early work of the Special Rapporteur could well have provided some of the impetus to establish the mandate of the Representative of the Secretary-General on internally displaced persons, which the Commission did in 1992, 10 years after the establishment of the mandate on extrajudicial executions. In the early years after the appointment of the Representative the Special Rapporteur continued to address issues concerning internally displaced persons and related issues systematically and this was encouraged by a 1995 Commission resolution calling upon the special procedures to pay special attention to the plight of IDPs.[21] In response, in 1999, the Special Rapporteur undertook an exchange of correspondence with the Government of Colombia that included considerable discussion of the situation of IDPs in that country.[22] The forced internal relocation of a group of individuals in Myanmar was also the subject of a communication.[23] Similarly, the Special Rapporteur indicated in 2000 that she had received during the period under review "disturbing reports of deliberate attacks against internally displaced persons, particularly in the context of internal conflict and unrest".[24] In several reports, the Special Rapporteur refers to the reports of the Representative of the Secretary-General on internally displaced persons for a "broader overview of the phenomenon".[25] In her 2003 report, the Special Rapporteur noted

> that extrajudicial killings in the context of global migration have become of increasing concern. The issue is increasingly highlighted as people find it necessary to move, both inside and outside their countries, for political, economic, social or other reasons, as the world population grows. The Special Rapporteur wishes to recall that the right to life applies to all human beings, and that Governments have a responsibility to protect this right in territories under their jurisdiction regardless of the citizenship of the persons concerned.[26]

35. The analysis of country situations was also guided by this emphasis on the applicability of the right to life to all individuals, including those who are seeking refuge inside or outside their own countries. For example, the Special Rapporteur's report to the Commission in 2004 dealt in the same section with "reports of deliberate attacks against refugees and internally displaced persons".[27]

36. Overall, the emphasis attached by the Special Rapporteur to cases involving refugees and IDPs has changed since the advent of the Representative dealing with internally displaced persons. Relevant cases continue to be taken up, especially when it seems necessary to complement the action taken by the Representative or when the Special Rapporteur feels that he can bring added value to the work undertaken by other special procedures. Thus, for example, the Special Rapporteur sent communications to Egypt with regard to the killing of refugees in Cairo in

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[21] *Official Records of the Economic and Social Council, 1995, Supplement No. 4* (E/1995/23), chap. II, sect. A, resolution 1995/57.

[22] E/CN.4/1999/39/Add.1, para. 58 et seq.

[23] E/CN.4/1999/39, para. 39.

[24] A/55/288, para. 26.

[25] See, e.g. E/CN.4/1997/60, para. 62.

[26] E/CN.4/2003/3, para. 55.

[27] E/CN.4/2004/7, para. 65.

2005[28] and to Rwanda with regard to the massacre of refugees.[29] But in general, the advent of an active and effective mandate concerning internally displaced persons has enabled the Special Rapporteur to pay less attention to the plight of those groups and instead focus his very limited resources elsewhere.

C. Holding armed groups and other non-State actors to account for human rights abuses

37. When extrajudicial executions occur during an armed conflict, determining whether the State has international legal responsibility can be legally complex. The question what to do if an armed opposition group is responsible can be even more complex. The mandate's approach to such extrajudicial executions has developed considerably over the past 25 years, demonstrating how the Special Rapporteur is at once constrained by the prevailing normative framework and pushed by the needs of victims to explore its possibilities.

38. Paramilitary groups tied to Governments were referred to from the first years of the mandate.[30] The Special Rapporteur explained in his review of the first decade of activities of the mandate in 1992 that, while the inclusion of paramilitary groups had been "questioned on occasion by a few Governments, which consider that the mandate should be limited to 'those cases in which there was actual involvement of a government official'", the practice of focusing on such groups remained valid.[31] In the same year, the Working Group on Enforced or Involuntary Disappearances drew the Commission's attention to the use of what it termed "civil defence units" in internal armed conflicts, noted that they had often been implicated in human rights abuses and suggested "minimum conditions for their operations".[32]

39. These interpretations of the mandates' scope were endorsed by the Commission. It adopted resolutions requesting the special procedures to "pay due attention" to the human rights implications of "civil defence forces".[33] The Special Rapporteur subsequently dealt with such groups in a broad range of countries and brought that experience to bear in crafting recommendations to prevent the involvement of such groups in extrajudicial executions. For example, in correspondence with the Government of Sri Lanka regarding extrajudicial executions by "home guards", the Special Rapporteur responded in part by "stress[ing] the need for strict control of any such auxiliary force by the security forces" but then, drawing on his by then extensive experience, went on to state that, "In view of the experience of other countries, where paramilitary groups are responsible for numerous and grave human rights violations, the Government may wish to consider as a preferable solution strengthening the regular security forces in areas with armed conflict, rather than creating a paramilitary body."[34]

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[28] E/CN.4/2006/53/Add.1, annex, p. 68 et seq.

[29] E/CN.4/2000/3/Add.1, para. 388.

[30] E/CN.4/1983/16, paras. 111 and 186; E/CN.4/1984/29, paras. 91 and 132.

[31] E/CN.4/1992/30, chap. IV, paras. 611-613.

[32] E/CN.4/1992/18, paras. 378-381.

[33] *Official Records of the Economic and Social Council, 1992, Supplement No. 2* (E/1992/22), chap. II, sect. A, resolution 1992/57, para. 3.

[34] E/CN.4/1995/61, para. 293.

40. It took much longer for the mandate to find a suitable means for responding to extrajudicial executions by rebels and other armed opposition groups. This was an issue of finding appropriate working methods more than an issue of substantive law. In 1992, the Special Rapporteur reported that he had received allegations concerning human rights abuses committed by a substantial number of armed groups, including the National Liberation Army and Revolutionary Armed Forces of Colombia in Colombia, the Eritrean People's Liberation Front and the Ethiopian People's Revolutionary Front in Ethiopia, the Unidad Revolucionaria Nacional Guatemateca in Guatemala, Shining Path and Tupac Amarú in Peru, and the Liberation Tigers of Tamil Eelam and Muslim Home Guards in Sri Lanka, but he concluded that:

> Within the United Nations human rights system, it is generally considered that addressing appeals to such entities or providing them with the opportunity to respond to allegations accusing them of human rights violations would be inappropriate, given their legal status. Consequently, existing working methods offer little opportunity for responding effectively to allegations concerning opposition groups.[35]

41. While the legal issues and diplomatic sensibilities were real, the consequences of unconditionally refusing to address appeals to armed groups were problematic. From the perspective of a victim's family, an extrajudicial execution is no less devastating for having been committed by rebels rather than by government forces, and addressing complaints to the Government will generally prove futile if the abuses were committed by an armed group. Moreover, Governments accused of extrajudicial executions were understandably unhappy if comparable acts perpetrated by armed groups within their countries were simply ignored in the human rights context.

42. Recognizing these consequences, as well as the Commission's abiding interest in victims, the Special Rapporteur began to address a range of non-State actors involved in complex situations. Some of these had widely recognized international legal personality: the Palestinian Authority (first addressed in the 1996 report)[36] and United Nations peacekeeping missions (first addressed in 2006).[37] However, the Special Rapporteur has also addressed other non-State actors, such as the "Turkish Cypriot community" (in 1997 and 1998),[38] the "Taliban movement in Afghanistan" (1998),[39] and the Liberation Tigers of Tamil Eelam (2006 and 2007).[40] The Special Rapporteur observed that addressing complaints to armed opposition groups "may be both appropriate and feasible where the group exercises significant control over territory and population and has an identifiable political structure (which is often not the case for classic 'terrorist groups')."[41] He explained that the Commission and its special procedures had a right to hold armed groups to account, a *droit de regard*, whatever the international legal status of a particular group might be.

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[35] E/CN.4/1992/30, para. 627; see also para. 614.

[36] E/CN.4/1996/4, paras. 537-539.

[37] An allegation letter was sent to the United Nations Stabilization Mission in Haiti (E/CN.4/2006/53/Add.1, annex, pp. 322-333). The much earlier engagement with the United Nations Commissioner and Council for Namibia might also be cited in this context, although it was of a quite different character (E/CN.4/1983/16, paras. 180-188 and annexes VII-VIII).

[38] E/CN.4/1997/60/Add.1, para. 575; E/CN.4/1998/68/Add.1, paras. 446-449.

[39] E/CN.4/1998/68/Add.1, paras. 446-449.

[40] E/CN.4/2006/53/Add.1, annex, pp. 319-321; A/HRC/4/20/Add.1, annex, pp. 384-386.

[41] E/CN.4/2005/7, para. 76.

43. The Special Rapporteur developed this theme in the context of a report on a country visit in which he observed:

> Human rights norms operate on three levels — as the rights of individuals, as obligations assumed by States, and as legitimate expectations of the international community ... [A] non-State actor ... remains subject to the demand of the international community, first expressed in the Universal Declaration of Human Rights, that every organ of society respect and promote human rights.
>
> ... The international community does have human rights expectations to which it will hold [an armed group], but it has long been reluctant to press these demands directly if doing so would be to "treat it like a State".
>
> It is increasingly understood, however, that the human rights expectations of the international community operate to protect people, while not thereby affecting the legitimacy of the actors to whom they are addressed.[42]

44. The Special Rapporteur's efforts to hold armed groups accountable for their abuses on this realistic basis have been welcomed by the Council.

D. Developing effective working methods to fulfil the mandate

45. There is one key benchmark in evaluating the working methods of the Special Rapporteur. It is the injunction by the Commission and the Council to the Special Rapporteur to "respond effectively to information that comes before him". This injunction was first issued in 1984 and continues to be the key element in defining the procedures used by the mandate. Within that framework the Commission has given the Special Rapporteur considerable discretion to develop suitable and effective working methods.[43] Over the years, numerous innovations have been attempted and, depending on their effectiveness in practice, each has either earned a permanent place among the mandate's core working methods or has been abandoned. The motivation for continual innovation may be readily perceived: No set of working methods has proven fully adequate to the task of responding effectively to allegations of extrajudicial executions.

46. The core working methods of the Special Rapporteur have been written communications (allegation letters and urgent appeals) and in situ visits to countries. The impetus for change can be seen, at one level, in the low response rate of Governments to such communications and requests to visit. The rate of response

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[42] E/CN.4/2006/53/Add.5, paras. 25-27.

[43] *Official Records of the Economic and Social Council, 1984, Supplement No. 4* and corrigendum (E/1984/14 and Corr.1), chap. II, sect. A, resolution 1984/35, para. 6; see also General Assembly resolution 39/110, para. 5. With only minor changes, this formulation has continued to be used since then. Most recently, the Commission and the General Assembly have encouraged the Special Rapporteur "to respond effectively to reliable information that comes before him" (ibid., *2005, Supplement No. 23* and corrigenda (E/2005/23 and corrigenda), chap. II, sect. A, resolution 2005/34, para. 13; General Assembly resolution 61/173 of 1 March 2007, para. 10).

to written communications is difficult to calculate with precision;[44] however, the proportion of communications sent for which responses have been received in a given year provides a reasonable indication of the situation. This proportion has been reported for a number of years and has generally been roughly one half.[45] The situation with respect to requests to visit is even less encouraging. As the Special Rapporteur reported in his review of the mandate's first 10 years, "The small number of countries which have invited the Special Rapporteur to undertake mission during the last decade is one of the most important limitations on the effectiveness in fulfilling his mandate. ..."[46] The situation has not improved.

47. The problem is, of course, even more serious than low response rates suggest: many of the countries with regard to which the Special Rapporteur has received the most troubling allegations are among the least cooperative with regard to engaging in constructive correspondence and accepting requests to visit. Unfortunately, the Special Rapporteur has relatively few means with which to address this failure of cooperation within the framework of these core working methods. The Special Rapporteur has repeatedly raised this issue and made recommendations to the Commission and the General Assembly that, for example, "[t]he General Assembly should appeal to all States that have so far failed to respond meaningfully to the requests for visits made by the Special Rapporteur to take appropriate action",[47] and these bodies have urged fuller cooperation;[48] however, such general exhortations have evidently had little if any effect.

48. Another level at which the Special Rapporteur has developed working methods in an effort to respond effectively to allegations is in attempting to increase the effectiveness of communications and visits in preventing extrajudicial executions and protecting victims even as response rates remain low. Several such methods merit mention. One is engaging in sustained exchanges of correspondence regarding

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[44] There are several reasons that the ratio of Government communications to Special Rapporteur communications is an imperfect indicator of the response rate. One is that allegations sent in one year may receive responses in another. Another is that some responses address only a fraction of the cases that were raised in a single communication or, less often, address cases raised in multiple allegation letters or urgent appeals. However, the information technology resources at the disposal of the special procedures are ill-suited to tracking the status of each individual case.

[45] Responses as a percentage of allegations letters and urgent appeals is 33 in 1983, 50 in 1984, 25 in 1985, 62 in 1987, 40 in 1988, 42 in 1989, 54 in 2005, 57 in 2006 and 55 in 2007 (E/CN.4/1989/25, para. 304; E/CN.4/2005/7, para. 21; E/CN.4/2006/53, para. 12; A/HRC/4/20, para. 9).

[46] E/CN.4/1992/30, para. 639.

[47] A/61/311, para. 65.

[48] See, e.g. General Assembly resolution 61/173, para. 13 of 1 March 2007 in which the Assembly urged "all States, in particular those that have not done so, to cooperate with the Special Rapporteur so that his mandate can be carried out effectively, including by favourably and rapidly responding to requests for visits, mindful that country visits are one of the tools for the fulfilment of the mandate of the Special Rapporteur, and by responding in a timely manner to communications and other requests transmitted to them by the Special Rapporteur"; Commission on Human Rights resolution 2005/34, para. 14, in which the Commission strongly urged "all States to cooperate with and assist the Special Rapporteur so that his mandate may be carried out effectively, including, where appropriate, by issuing invitations to the Special Rapporteur when he so requests, in keeping with the usual terms of reference for mission by special rapporteurs of the Commission, and to respond to the communications transmitted to them by the Special Rapporteur".

a single case through various forms of written follow-up.[49] Three scenarios in which such sustained correspondence has proven especially valuable are when there has been an ill-defined disagreement regarding the application of international legal standards in need of clarification,[50] when the provision of specific pieces of documentation would have helped resolve an allegation,[51] and when an allegation's resolution has been subject to an ongoing legal process.[52] Another such method is for the Special Rapporteur to provide the Council with observations on each exchange of correspondence and the consequent status of the allegations involved. This practice began in 1992[53] and has evolved since then; in 2005, the Special Rapporteur supplemented narrative observations with a classification of the response's adequacy so as to permit the more rapid assessment of the status of allegations and the cooperation shown by Governments.[54] Another such method relates to transparency. For most of the mandate's history, only short summaries of the correspondence were included in the Special Rapporteur's reports. The value of such succinct accounts declined, however, as the Special Rapporteur began providing observations on the exchange of correspondence, and in 2006 the Special Rapporteur reintroduced the practice (abandoned in 1987)[55] of providing the full text of correspondence so as to permit a more complete understanding of the dimensions of factual and legal disagreements.[56] As a final example, in 2006, the Special Rapporteur initiated follow-up reports on visits that would provide an update on the extent to which the State in question had implemented the

[49] The use of "follow-up letters" was introduced in 1992 (E/CN.4/1993/46, para. 28).

[50] An exchange of correspondence with the Government of the United States concerning legal issues surrounding the use of targeted killings served this purpose (A/HRC/4/20/Add.1, annex, pp. 342-358).

[51] For instance, a copy of a "birth certificate, passport or other official document confirming that she was over 18 at the time of the crime" was requested in regard to allegations that a juvenile offender had been sentenced to death in the Islamic Republic of Iran (A/HRC/4/20/Add.1, annex, p. 153).

[52] For instance, the Special Rapporteur sent an urgent appeal to the Government of Bangladesh concerning an attack on Sumi Khan, and the Government responded with facts concerning the incident and the information that four persons had been arrested. The Special Rapporteur characterized this as a "largely satisfactory response"; however, he sent a follow-up letter seeking "information relating to the outcome of this case" (E/CN.4/2006/53/Add.1, annex, pp. 30-31; A/HRC/4/20/Add.1, annex, p. 49). Another example would be the correspondence with the Government of Thailand that continued as official inquiries into the events at Tak Bai continued (E/CN.4/2006/53/Add.1, annex, pp. 242-246; E/CN.4/2005/7/Add.1, paras. 717-720).

[53] See E/CN.4/1993/46; for comments on the rationale behind providing observations, see E/CN.4/1994/7, para. 33, and E/CN.4/2006/53/Add.1, para. 21.

[54] In the Special Rapporteur's 2005 report, the categories were "substantive response", "partial response", "allegations denied", "acknowledged", "no response", and "awaiting translation" (E/CN.4/2005/7, para. 22). In 2006, these were changed to "largely satisfactory response", "cooperative but incomplete response", "allegations rejected but without adequate substantiation", "receipt acknowledged", "no response", "United Nations translation awaited", and "no response (recent communication)" (E/CN.4/2006/53/Add.1, paras. 14-20). This set of categories was also used in the following year (A/HRC/4/20/Add.1, para. 5).

[55] There was considerable flux in how the Special Rapporteur reported on communications in the early years of the mandate; however, this involved providing relatively complete texts in 1983 and 1986 (see E/CN.4/1983/16/Add.1 and E/CN.4/1986/21).

[56] See E/CN.4/2006/53/Add.1.

recommendations made in the Special Rapporteur's report on the visit. The first such report covered Brazil, Honduras, Jamaica, and the Sudan.[57]

49. In addition to these efforts to at once improve response rates and to improve the effectiveness of realized country visits and exchanges of correspondence, the Special Rapporteur has continually sought out additional working methods to complement those core methods. Some of these have been adopted in response to specific requests by the Commission and Council; others have been at the initiative of the Special Rapporteur within the general mandate. Such working methods have included:

- In the early years of the mandate, notes verbales were used to obtain information on the phenomenon of extrajudicial executions and on existing institutional and legal safeguards from Governments and from specialized agencies and non-governmental organs in consultative status with the Economic and Social Council.[58]
- The Special Rapporteur cooperated with the Ad Hoc Working Group on southern Africa.[59]
- The Special Rapporteur has participated in international standard-setting efforts, such as that resulting in the Principles on the Effective Prevention and Investigation of Extra-legal, Arbitrary and Summary Executions.[60]
- The possibility of advising in technical assistance efforts was explored.[61]
- Consultations with government representatives "in connection with alleged summary or arbitrary executions in their country" have been conducted.

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[57] See E/CN.4/2006/53/Add.2.

[58] E/CN.4/1983/16, paras. 9-18 and annexes II-V.

[59] E/CN.4/1992/30, para. 640.

[60] Economic and Social Council resolution 1989/65. In his 1986 report to the Commission, the Special Rapporteur argued that there was "a need to develop international standards designed to ensure that investigations are conducted into all cases of suspicious death and in particular those at the hands of the law enforcement authorities in all situations" (E/CN.4/1986/21, para. 209; see also E/CN.4/1983/16, para. 230; E/CN.4/1987/20, para. 246). The Council endorsed this recommendation and invited the Special Rapporteur "to examine the elements to be included in such standards" (resolution 1987/60, para. 8). He received a number of proposals regarding these elements, and summarized those he considered most important in his 1988 report (E/CN.4/1988/22, para. 194). He also noted that the Council had requested the Committee on Crime Prevention and Control to embark on a similar project and the cooperation thus far established (ibid., para. 191). He was consulted during that body's drafting efforts, and the following year he reported to the Commission that all of the elements he had listed as most important were included in the instrument it drafted for the Council's adoption (E/CN.4/1989/25, para. 298). In his 1990 report, the Special Rapporteur characterized the Council's adoption of the Principles on the Effective Prevention and Investigation of Extra-legal, Arbitrary and Summary Executions as a "milestone" for the mandate (E/CN.4/1990/22, para. 461). He noted that these principles were tightly consistent with the approach he had previously taken to implementing the mandate, and concluded that, "Any Government's practice that fails to reach the standards set out in the principles may be regarded as an indication of the Government's responsibility, even if no government officials are found to be directly involved in the acts of summary or arbitrary executions" (ibid., para. 463). Since then the Special Rapporteur has routinely referred to these principles in correspondence with Governments regarding specific allegations and situations.

[61] E/CN.4/1989/25, para. 310.

- In one instance in which a Government repeatedly delayed and obstructed a visit, the Special Rapporteur issued a report including observations and recommendations concerning that country's situation that were based on written correspondence with the Government, the findings of other United Nations bodies, and consultations with the representatives of non-governmental organizations and other private persons.[62]

50. Some of these have proven valuable only in relation to a particular country situation. One such innovation that has proven to be of enduring value is issuing press releases to raise public awareness in a timely manner, and the need for better publicity has been a key issue raised at the annual meetings of the special procedures.

51. The Special Rapporteur will continue to attempt to develop working methods that will allow him to more fully achieve his mandate of responding effectively to allegations and would welcome the suggestions of Governments in this regard.

E. Drawing conclusions

52. What are the principal conclusions that emerge from the foregoing review of the first 25 years of experience with the mandate of the Special Rapporteur? The most important theme illustrated by the review concerns the organic evolution of such mandates. In general terms, the Commission and the Council have chosen to create special procedures in response to particular violations which have generated pressure on the international community to take action to address specific problems. Thus the initial formulation of a mandate will often be narrow. But in relation to almost all mandates it quickly becomes apparent that a particular type of violation cannot be addressed in isolation, that the definition of the problem has been unduly restrictive, and that a systematic and potentially effective response to the goals set by the sponsors of the original resolution will require a more expansive approach.

53. In the light of recent criticisms of the special procedures by some States it might seem reasonable to suspect that much of the resulting mandate expansion is generated by the mandate holder whose primary interest might be thought to be to expand his or her field of competence. In fact, however, the experience described below shows that mandates evolve in response to factors such as demands by States, new forms of violations and increasing public demands for effective responses. They are also affected by the development of new techniques and expectations within the overall human rights regime. The result is a process of organic evolution which ensures that mandates are not frozen in time and thus unable to respond to new and changing circumstances. This evolution is fully reported in the annual reports of the mandate holders and those reports are the subject of debate and constant feedback among the various stakeholders. At the end of the day, the Commission or the Council signals its acquiescence in the developments through its response to the reports, traditionally in the form of resolutions. In the vast majority of cases the developments reported are explicitly endorsed by the parent body

[62] This episode involved a contemplated joint visit to Nigeria by the Special Rapporteur on extrajudicial, summary or arbitrary executions and the Special Rapporteur on the independence of judges and lawyers and ultimately resulted in four reports: A/51/538 and Add.1 (1996) and E/CN.4/1997/62 and Add.1 (1997).

noting or approving the report and often also requesting the mandate holder to further develop or strengthen certain measures.

54. Another observation generated by a review of the experience under the mandate concerns the oft-repeated accusation that many of the special procedures involve Western experts focusing overwhelmingly and unfairly on the problems confronted by the Governments of developing countries. The experience of the extrajudicial executions mandate flatly contradicts this stereotype. The present mandate holder is the first in a quarter of a century to come from a developed country. His predecessors have come from Kenya (Amos Wako), Senegal (Bacre Waly N'Diaye) and Pakistan (Asma Jahangir). Yet the concerns addressed and the general approach adopted have remained consistent over time. Moreover, many of the incidents highlighted by the various Special Rapporteurs have involved actions by developed country Governments. The track record of issues taken up does not reveal any neglect of the violations attributed to countries of the North at the expense of those of the South.

V. Factors hindering the effectiveness of the mandate

55. One of the ironies of the intense discussions about reform generated by the dissolution of the Commission on Human Rights and the creation of the Human Rights Council is the extent to which many of the most active Governments have been critical of the alleged excesses of the special procedures mandate holders, while the glaring inadequacies of the existing system remain largely ignored.

56. The present report has already hinted at some of these inadequacies and this final section will examine the deep problems that exist in terms of the responsiveness of the Council, and by extension the General Assembly, to the work of the special procedures.

57. In relation to visits, the fact that 90 per cent of countries identified as warranting a country visit have failed to cooperate with the system and that the Council has done nothing in response is a major indictment of the system. It discourages cooperation by other States, rewards uncooperative States, and establishes a system of impunity in relation to the most serious concerns relating to extrajudicial executions. The 27 States that have so far failed to issue requested invitations range from Security Council members such as China, the Russian Federation and the United States to States such as El Salvador, Kenya, Thailand, Israel, Uzbekistan and the Bolivarian Republic of Venezuela.

58. In relation to communications, the Council — and before it the Commission — systematically ignores any of the issues raised in the voluminous correspondence between Governments and the Special Rapporteur. No matter how grave the issue and how blatant or compromised the conduct of the relevant Government, the Council remains entirely unmoved. The Special Rapporteur has long sought to draw attention to the violations of the right to life committed by the Government of the Islamic Republic of Iran as a result of its executions of juveniles and of persons accused of crimes which cannot be considered to be among the most serious. Such executions have recently gathered pace and the silence of the international community can only bring discredit.

59. In relation to the recommendations emerging from country visits, it is extremely rare for the Council or the General Assembly to take up any of the more serious and continuing violations that are identified. In presenting his report to the General Assembly in 2006 the Special Rapporteur warned that Sri Lanka was "on the brink of a crisis of major proportions". Since that time the situation has indeed erupted into crisis and neither the Council nor the Assembly have seen fit to take any action to address the spate of extrajudicial executions being reported out of that country.

VI. Recommendation

60. **As a result of this pattern of systematic neglect of the recommendations made in the past, it seems unwise to put forward a series of new recommendations. It will suffice therefore to recommend that the Human Rights Council and the General Assembly take steps to complement their recent efforts to "reform" the system, most of which have resulted in imposing further restrictions, by efforts to actually strengthen the ability of the special procedures system to prevent and respond to serious violations of human rights. Taking steps to address the problem of States' non-cooperation in response to requests by special procedures mandate holders for visits would be an important start. Responding to the most serious issues emerging from the system of communications sent to States would be another vital step. The universal peer review mechanism would provide an important opportunity for the Council to begin taking constructive steps in relation to each of these problems. Its performance must be assessed in the light of its response on such matters.**

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Report of the Secretary-General

Summary

The present report covers recent developments in international trade and the trading system, particularly the World Trade Organization Doha work programme and their implications for developing countries. The Doha Round and the multilateral trading system stand at a critical juncture. An agreement on modalities on agriculture and non-agricultural market access is urgently needed to conclude the Round by the end of 2007. The Round needs to deliver on its development promise, including through substantial market access and market entry in agriculture, industrial products and services for developing countries. A balanced, equitable and development-oriented outcome can improve the prospects for economic growth and development, and contribute to achieving the Millennium Development Goals.

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I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 61/184 of 20 December 2006, in which the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development (UNCTAD), was requested to report to the Assembly at its sixty-second session on the implementation of that resolution and on developments in the multilateral trading system.

II. Trends in international trade and development

2. Continuing steady growth since 2002, the world economy expanded by 5.4 per cent in 2006, significantly faster than world population growth, which increased 1.2 per cent, thus supporting an increase in real gross domestic product (GDP) per capita levels throughout most of the world. In developing countries, per capita income rose by over 5 per cent and their share in world output grew to 23 per cent. In terms of the Millennium Development Goal of halving poverty by 2015, regional performance varies, with developing Asia set to exceed its poverty reduction objective and Africa, despite impressive growth averaging nearly 5 per cent since 2000, falling short of growth levels needed to meet its target.

3. International trade has been a powerful engine of economic growth and development. During the period 2000-2005, export growth accounted for over 60 per cent of GDP growth for developing countries and over 40 per cent for the least developed countries, as compared to 30 per cent for developed countries. In 2006, world merchandise exports increased by 14.8 per cent, to $12 trillion. Manufactures accounted for some 72 per cent of traded goods, while agriculture represented some 8 per cent. Mineral and fuels exports, accounting for 17 per cent, continue to grow due to increased demand and the recent rise in commodity prices. Developing countries increased their share in world merchandise exports from 35.9 to 36.8 per cent. The fastest export growth was recorded in Latin America and the Caribbean (19 per cent), followed by Asia (17 per cent) and Africa (11 per cent). Least developed countries shared in trade growth, with their share in world merchandise trade having risen from 0.79 to 0.83 per cent. World services exports grew by 9.7 per cent to $2.7 trillion. The share of developing countries increased from 23.8 to 24.5 per cent, while the share of least developed countries remained unchanged at 0.46 per cent. Information and communication technology and labour mobility have become the driving force of trade and investment globalization.

4. Commodity prices continued to appreciate for oil, metals and minerals, while prices of some agricultural commodities have declined (e.g., tea and tobacco) or remained stagnant (e.g., coffee and cotton). Higher world oil prices remain buoyed by increased demand and supply-side developments. While the current hike in oil price affects all countries, its impacts are more severe on fuel-importing developing countries with relatively higher levels of energy intensity in their industries and limited access to alternative energy sources. As per capita income and industrial output continue to rise in developing countries, increased awareness emerges of the need to reduce energy intensity and to search for environmentally friendly alternative sources in mitigating negative environmental impacts of economic development. Economic growth in developing countries intensifies the need for more rapid and effective transfer of environmentally sound technologies from

developed countries. Strengthened intergovernmental cooperation on climate change and development assistance efforts are important.

5. Intra-developing country trade has expanded rapidly, providing enormous development opportunities. UNCTAD research finds growing complementarities among developing countries, including in the context of regional and global production chains, across a variety of products, including natural resources, intermediate and consumer goods, and low- and high-tech products. In 2006, South-South trade represented 17 per cent of world merchandise exports, an increase from 10 per cent a decade ago, and 46 per cent of total exports of developing countries. The South-South trade boom is dynamized by major players such as China, Brazil, India and South Africa. Eighty-two per cent of that South-South trade was intraregional, while interregional trade increased to 18 per cent. In 2006, intraregional exports represented 22 per cent of exports to developing countries for Africa, 92 per cent for Asia and 55 per cent for Latin America and the Caribbean. Intraregional trade in Asia grew from $850 billion in 1995 to $2.5 trillion in 2005, representing nearly half of its global trade. Africa's strong bias towards extraregional exports is driven largely by its exports of primary commodities to Asia, mainly petroleum, minerals and raw materials. As regards services trade, intraregional services trade represented 57 per cent, 94 per cent and 71 per cent of South-South services trade for the respective regions.

III. Evolving international trading system

6. A paradigm shift is under way in the international trading system consequent to the changing structures of world trade, investment and production. The larger role of developing countries in world trade, both as exporters and importers, has led them from the periphery to the centre of the international trade scene. The continuing dynamic growth in Asia and the Pacific, the commodity boom in Africa and the robust trade expansion in Latin America and the Caribbean have given rise to a buoyant global South. Despite the continued importance of developed countries in the trading system, the rise of developing countries has led to a multipolar international trading system, where developing countries act as global players in shaping and influencing the evolution of the system. Developing countries have gained prominence in the World Trade Organization, as they account for three fourths of its membership. Moreover, the emergence of a new Quadrilateral Group of Industrialized Countries ("QUAD"), or the Group of Four (G-4), in the multilateral trade negotiations comprising Brazil and India, the European Union and the United States of America, is symbolic of a higher level of integration of developing countries.

7. A concomitant development is the increasingly divergent interests between the developing countries and the least developed countries including smaller and weaker countries, most of which are commodity- and preference-dependent that have differing perspectives on the trade agenda owing to their dependence on unilateral preferences. They see most-favoured-nation liberalization as eroding their preferences. While preferences are diminishing through regional and multilateral liberalization, they continue to represent a critical competitive edge for them in major developed country markets. They are thus concerned over maintaining such preferences.

8. The international trading system itself appears to be undergoing a major transformation towards a multilayered system, as countries increasingly pursue their trade interests in multiple forums. At the centre of the international trading system lies the multilateral trading system enshrined in the General Agreement on Tariffs Trade (GATT)/World Trade Organization, providing an essential global governance structure for trade and a public good since 1947, anchored in the cardinal principle of non-discrimination and a rule-based system. At the same time, accelerated proliferation of bilateral and regional trade agreements, totalling 214 and with the prospect of increasing to 400 by 2010, has gained prominence. Such evolution poses systemic challenges to the broader international trading system in ensuring coherence and synergy. For individual developing countries, this represents a developmental challenge in optimizing their trade-led growth strategy and development interests in different forums. The increased complexity is seen as diverting attention from the multilateral trading system and eroding its non-discrimination principle.

9. The proliferation of bilateral and regional agreements is a global reality. It involves almost all countries, including those that have traditionally favoured multilateral, rather than regional, approaches to trade liberalization, as they seek to lock-in and improve their market access opportunities in their export markets. Today's new regionalism distinguishes itself from the traditional one in several respects. There emerges a renewed interest in North-North regional trade agreements, including the transatlantic economic cooperation and regulatory harmonization agenda, pointing to greater systemic implications given the sheer size of trade involved. North-South bilateral agreements have come to target emerging economies and non-traditional partners. The recent agreement between the United States and the Republic of Korea, the largest agreement concluded by the United States since the North American Free Trade Agreement, and the new European Union trade strategy towards South and South-east Asia are emblematic of this trend. Negotiations between the European Union and 78 African, Caribbean and Pacific countries for economic partnership agreements are significant given the sheer difference in economic size and capacity between partners. The negotiations assume strategic linkage with the Doha Round, as the Cotonou waiver expires in December and pressure builds for African, Caribbean and Pacific States to conclude the negotiations by that time. North-South regional trade agreements are transforming traditional North-South economic relations based on unilateral preferences into reciprocal ones, entailing greater adjustment challenges for developing countries, as they tend to incur deeper commitments posing greater constraints on national policy space. These agreements can be seen as having affected incentives of each country in the multilateral negotiations.

10. There has been a quantum leap in South-South regional trade agreements and economic integration arrangements over the past decade. Various South-South regional trade agreements, such as the Association of Southeast Asian Nations (ASEAN), the Common Market for Eastern and Southern Africa (COMESA) and the Common Market of the South (MERCOSUR), have made significant progress in liberalizing and facilitating South-South trade and, to some degree, regulatory harmonization and economic cooperation, including infrastructure development. They have provided a viable regional platform for developing countries to take advantage of regional markets as a stepping stone to global competition, to integrate themselves into the global supply value chain and to take advantage of economic

upgrading and diversification. Some efforts have been made to explore the potential of interregional South-South trade such as Indian, Brazilian and South African, India-MERCOSUR and Southern African Customs Union-MERCOSUR initiatives.

11. The third round of negotiations of the Global System of Trade Preferences (GSTP), launched at the eleventh session of UNCTAD (UNCTAD XI) in Sao Paolo, in 2004, is the only multilateral initiative for liberalization of trade among developing countries across regions. The GSTP negotiations, supported by UNCTAD, are set to conclude in December 2007. Currently, GSTP is composed of 43 developing countries. The GSTP countries account for $1.8 trillion in exports and $1.6 trillion in imports. They represent 50 per cent of South-South trade. Total intra-GSTP exports total $813 billion, and in Asia 25 per cent is intra-GSTP trade. GSTP negotiations have sought to achieve effective reduction in tariffs through mutual exchange of concessions and the definition of rules of origin. They are also expected to address non-tariff barriers to facilitate trade. Addressing service liberalization is being considered for future negotiations.

IV. Developments in the Doha Round

12. The Doha Round of multilateral trade negotiations stands at a critical juncture. The Round has been under way since 2001, with the target date of the end of 2007 for completion. The Sixth Ministerial Conference of the World Trade Organization, held in December 2005, in Hong Kong (China), failed to reach agreement on liberalization modalities on agriculture and non-agricultural market access, despite modest progress attained in some areas. The inability of countries to reach a consensus on the modalities led to the suspension of the Round in July 2006. The negotiations were resumed seven months later, in February 2007. The completion of the Round requires an agreement on modalities of agricultural tariffs and subsidies, and industrial tariffs in early fall, and a commensurate level of progress in all other areas under a single undertaking. This represents a collective challenge for World Trade Organization members. The United States Trade Promotion Authority expired in June 2007. Chances for agreement are expected to become smaller in 2008 and 2009 owing to political processes in the United States and other countries. Negotiations among 151 World Trade Organization members, with Tonga being the newest member, has been challenging because of differing economic interests, development stakes, and evolving negotiating dynamics and increased relative importance of bilateral agreements and regional trade agreements.

13. Given the increasing contribution of trade to development, and the increased relevance of the trading system to policies and strategies affecting economic growth and development, stakes are high for realizing the development dimension and bringing the Round to a successful conclusion with balanced and development-oriented outcome as an essential contribution of the trading system to the Millennium Development Goals, particularly Goal 8, of achieving an open, transparent, predictable, non-discriminatory and equitable multilateral trading system ("global partnership for development").

14. Achieving a balanced, mutually beneficial deal among the 151 World Trade Organization members would require full recognition of the paradigm shift underlining the trading system, with the rise of developing countries both in terms of their proactiveness in the negotiations and their significant role in trade. The

equitable distribution of benefits and costs across countries is thus important in the search for a balanced outcome. For instance, the autonomous liberalization undertaken by developing countries during the 1980s and 1990s, including under the structural adjustment programmes, represents the bulk of recent liberalization efforts, which have contributed significantly to a boom in international trade. Binding such unilateral efforts should be given greater recognition/credit within the trading system. Preference-dependent countries and net food-importing developing countries are estimated to incur net loss from agricultural liberalization. Such prospects for potential loss and development challenges imply the need for specific solutions, deeper concessions and resource transfer as quid pro quo in offsetting the expected loss of these countries and providing adjustment and supply capacity-building mechanisms. The United States debate on a bill to reform the Trade Adjustment Assistance programme highlights the adjustment challenge facing all countries, particularly developing countries, in terms of industrialization, employment, and poverty-related impacts and costs.

15. The Doha Round has implications for development and poverty reduction prospects of developing countries. Developing countries seek improved market access for products and services of their export interests, including agriculture, manufactures and labour-intensive services. Their concerns relate to possible adverse impact of liberalization to their nascent industries and the poorer segment of society, in terms of food security, livelihood security and rural development, employment, industrialization, Government revenue preservation, and access to essential services and medicines. Least developed countries, and smaller and weaker developing countries — preference and commodity-dependent countries, small and vulnerable economies and net food-importing developing countries — have faced particular developmental challenges from liberalization. Common to all are the supply constraints characterizing their economies and market-entry barriers they face in accessing markets abroad, which significantly limit their ability to benefit from freer trade. This can be addressed only through effective market access and development flexibility and policy space for strengthening productive capacity by technical and financial aid for agricultural, industrial and services sector development. The Doha Round thus intrinsically has strong development dimensions, and placing the needs and interests of developing countries at its heart has been one of its agreed objectives.

16. Since the resumption of the Round, importance has been attached to an inclusive and transparent negotiating process based on a bottom-up approach. Developing countries actively participated in the process, including through various negotiating platforms of the Group of Twenty, the Group of 33, NAMA-11 and the Group of 90 (G-90). The G-4 emerged as a key negotiating forum, while excluded countries expressed concern over its top-down nature of decision-making. Developing countries persistently emphasized the importance of adhering to the existing Doha mandate and avoiding setting new parameters.

17. Positions of major players remained essentially unchanged from July 2006, when the Round was suspended. Discussions thus continued to centre on finding a right balance between agriculture and non-agricultural market access and setting numerical targets on various parameters. In April and May, impetus was given by the papers issued by the Chairman of the agricultural negotiating group setting out his assessment of possible ranges of and options for compromise solutions. Negotiations also intensified in other areas to achieve a commensurate level of

progress, including services, rules, trade facilitation and trade-related aspects of intellectual property. No significant movement was recorded on development issues of special and differential treatment and implementation issues. Work continued on the operationalization of Aid for Trade. The multilateral process was seen as being dependent on critical bargaining and the search for compromise solutions in G-4. As the G-4 ministerial meeting held in Potsdam (19-22 June) failed to achieve a breakthrough, attention returned to the multilateral process.

18. The draft modalities for agriculture and non-agricultural market access issued by the Chairmen of respective negotiating groups on 17 July marked an important milestone. Initial reactions indicated that, while the draft modalities for agriculture were seen as a relatively reasonable basis for further negotiations, the draft non-agricultural market access modalities were largely criticized by developing countries as not being conducive to genuine engagement and consensus. Developing countries warned against partial modalities that would sideline issues of their interest, and were particularly concerned over the proposed cuts in industrial tariffs, questioning whether it would meet the mandates on "less than full reciprocity" and the balance with agriculture. The possible adverse impacts of proposed industrial tariff cuts on employment and industrial development in developing countries were also highlighted by civil society groups.

19. Intensive negotiations are expected as from September to establish full modalities, convergence on which will likely be challenging. Striking a balance requires full clarity on all elements of the modalities, including special and differential treatment. The modalities would need to be translated into individual schedules of national commitments by members, entailing substantial work. The commensurate level of progress is needed in all areas for an overall balance within a single undertaking, while the right sequencing is important across different issues. Given the significant time constraints facing the Round, a minimalist "Doha-lite" package, calibrating ambitions against sensitivities of countries, might seem a practical way forward in meeting the time frame and saving the Round, despite the repeated calls for an ambitious package. The argument has been made that the proposals on the table would yield gains three times greater than those achieved in the Uruguay Round. Developing countries have stressed the importance of the content, rather than timing, to ensure the realization of enhanced market access opportunities and fairer rules, and to mitigate adverse implications that may arise from the Round.

20. The case for a realizable Doha package may be stronger, given the possible broader systemic implications of a failure to conclude the Round within a reasonable time frame. The Doha negotiations already exceed the original deadline by three years. The perceived diminishing effectiveness of the multilateral negotiations might lead to an increased recourse to dispute settlement or more vigorous pursuit of bilateral agreements and regional trade agreements. Such prospect warrants a reflection on the modus operandi of the trading system and the definition of the negotiating agenda. The built-in agenda from the Uruguay Round consisted primarily of agriculture and services, while the Doha Round incorporated a broader package including non-agricultural market access and Singapore issues. This was believed to facilitate intersectoral trade-offs, but proved to be unmanageable, with the result that the three Singapore issues had to be dropped from the Round in 2004. The broader agenda resulted in the attention diluted from the core issue, namely agriculture. In this light, targeting short-term but more

frequent negotiations focusing on core market access issues may arguably be found more productive.

21. The Round urgently needs the firm engagement of all parties in real negotiations on core issues and strong leadership in enabling convergence on mutually beneficial outcome. The observed want of such a leadership role by major developed countries in the Round contrasts with the strong leadership exercised by the United States in the previous rounds in guiding trading partners to negotiated outcomes. A new Trade Promotion Authority is thus important for the continued credible engagement of the United States in the negotiations, while tangible progress in its export interests has been considered indispensable domestically for its renewal. The recent United States debate on the approval of regional trade agreements with Panama, Peru or the Republic of Korea, revolving around environment and labour provisions, might be indicative of prospects of the new Trade Promotion Authority for the Doha Round. The United States Farm Bill reform is important because of its ability to improve its offers in agricultural domestic support.

22. An evolution in the concept of special and differential treatment is discernible. As compared to the Uruguay Round agreements, in which only limited provisions were provided for countries in special needs other than least developed countries (e.g., annex VII countries under the Agreement on Subsidies and Countervailing Measures or Net Food-Importing Developing Countries under the Agreement on Agriculture), specific needs of developing countries, individually or collectively, have become salient in the negotiations, most notably small and vulnerable economies, recently acceded members, low-income transition economies or individual countries facing special circumstances. Although they are not deemed to create a new category or precedence, the approach departs from the traditional one of special and differential treatment being based on country status, as it tends to differentiate among developing countries according to specific situations, as demonstrated by some criteria with special treatment open to all countries meeting those criteria. There emerged recognition that the terms of accession are often not commensurate with the level of individual development, financial and trade needs. The draft modalities provide for some corrective measures for recently acceded members. The granting of waiver from unsustainable terms of accession (e.g., the elimination of export duties on cashmere for Mongolia) is another case in point.

23. The World Trade Organization increasingly goes beyond border measures and the application of the principle of non-discrimination and national treatment, and addresses deeper "behind the border" regulatory and standard-related issues, including through "necessity test" (the requirement that measures not be more trade-restrictive than necessary to fulfil a legitimate objective). This has been an issue in dispute settlement cases and negotiations for disciplines on domestic regulation in services that have a bearing on regulatory autonomy and the right of developing countries to regulate, including for legitimate public policy purposes. There is concern that the multilateral trading system has increased its scope and depth in regulating different policies, including trade and trade-related policies such as trade-related aspects of intellectual property rights or trade-related investment measures. Trade-related aspects of intellectual property rights have ramifications for developing countries to achieve different Millennium Development Goals, such as those relating to health and education. For developing countries, this also implies

that their policy and regulatory regime is becoming increasingly subject to scrutiny by the multilateral trading system.

V. Specific areas of negotiations

A. Agriculture

24. Agriculture is important in developing countries because of its contribution to national income, employment and rural development. About 40 per cent of the workforce is employed in the sector, and a disproportionately large share of the world's poorest depend on income from the sector. Thus, the sector has significant poverty implications. Since agriculture is the most distorted sector with high border protection and subsidies, developing countries seek to achieve genuine market reform and fullest liberalization of the sector to eliminate such distortion hampering their export potential. Support for agriculture is, however, sensitive in developed countries, despite the sector's relatively low and declining contribution to their economies, owing to concerns about rural employment, multifunctional contribution of the sector and political economy difficulties in removing support once capitalized into land values. UNCTAD analyses show annual welfare gains of $35 billion from an ambitious liberalization scenario with $20 billion accruing to developing countries. Major beneficiaries are the highly protected developed countries, including of the European Union and Japan, and, among developing countries, exporters of protected products (wheat, beef, sugar, rice and dairy products), including Argentina, Brazil, Malaysia, Mexico and Morocco.

25. While recognizing the merit of freer agricultural trade, less competitive or net-importing developing countries have raised concerns over the possible adverse effects of liberalization. Many are concerned that increased imports may adversely affect their food security, livelihood security and rural development. Net Food-Importing Developing Countries are wary of the rise in food prices as a result of the elimination of export subsidies that kept international prices artificially low. Commodity- and preference-dependent economies fear erosion of preferences and export revenue loss as a result of most-favoured-nation tariff reduction. UNCTAD estimates indicate a net welfare loss for sub-Saharan Africa due mainly to adverse terms of trade effects and the absence of efficiency gains, highlighting the need for addressing specific development needs of countries through operational and effective developmental provisions and support to supply-capacity building.

26. Domestic support provides recipient producers with a cost advantage and distort production and trade. The draft modalities for agriculture proposes reductions of trade-distorting support of between 66 and 85 per cent in major developed countries. This would in most cases only lock-in existing agricultural policies and not affect actual spending. For instance, the proposed reduction (between 66 and 73 per cent of the current bound level) would limit United States spending to between $13 billion and $16 billion. Actual spending of the United States was estimated at $11 billion in 2006. The ongoing United States Farm Bill debate suggests possible modest reduction in the trade-distorting support spending with the reallocation of some existing measures into non-trade-distorting-support categories while maintaining major programme designs. In the meantime, the existing support, including for specific commodities (e.g., corn), have been

challenged under the World Trade Organization dispute settlement mechanism. On cotton, Brazil successfully challenged the United States domestic support measures.

27. Developing countries are increasingly concerned that the reductions in trade-distorting-support spending would have only a negligible effect on eliminating or reducing distortion in trade and production in developed countries. This is because the reduction would apply to a bound ceiling level that tends to be significantly higher than the actual spending amount, and a whole category of domestic support ("Green Box") that represents a substantial proportion of existing total domestic support is excluded from the reduction commitment on the grounds that it has non- or minimally trade-distorting effects, which many consider not necessarily to be the case. They thus seek real and effective cuts in trade-distorting support, and stringent disciplines on subsidies exempt from reduction commitments to ensure that they do not have trade-distorting effects.

28. As regards cotton, a major cash crop of particular importance to West African cotton producers, the principle of a more ambitious, expeditious specific cut, including on domestic support, had been agreed previously. A recent estimate indicates that the removal of tariffs and subsidies on cotton has the potential of lifting incomes of sub-Saharan African cotton producers by 31 per cent. The draft modalities for agriculture suggests a reduction formula, proposed by the four Western African countries (Benin, Burkina Faso, Chad and Mali), which implies subsidy cuts of 82 per cent on cotton for the United States (as compared to 60 per cent under general reduction formula). This was reportedly found not acceptable to the United States. The development dimension forms a part of wider cotton problematique.

29. Export subsidies were a contentious issue at the beginning of the Doha Round. Their use has diminished considerably since then, with the result that, at the Hong Kong Ministerial Conference, major users were able to agree to eliminate export subsidies by 2013. Progress has been made also on non-direct export subsidies such as food aid, export credit and state-trading enterprises. As regards food aid, genuine and emergency food aid would be protected under new disciplines, while the disposal of surplus would be eliminated, which would be to the detriment of local food producers in the poorest regions.

30. On market access, the draft modalities for agriculture indicate tariff cuts that would lead to average tariff reductions of around 52 per cent in developed countries and up to 36 per cent cuts in developing countries. A different approach of an average cut by 24 per cent was suggested for small and vulnerable economies, as well as African countries that had bound their tariffs at high uniform levels in the Uruguay Round. Developed countries would be allowed to exempt 4 to 8 per cent of their dutiable agricultural products from full reduction as "sensitive products". While these products are also subject to reduction to a lesser degree, they can be selected freely at the countries' discretion with no eligibility criteria. These products are likely to be those with high tariffs, which tend to coincide with products of export interest to developing countries. UNCTAD estimates show that over half of developing country exports to developed countries could be restricted if 5 per cent of tariff lines were exempt from full tariff reduction.

31. Developing countries have recourse to sensitive products as well as special products, which exempt a certain number of products from full reduction commitment, on the basis of self-selection guided by indicators on food security,

livelihood security and rural development. Developed countries have argued that such flexibilities should be limited so as not to hamper real market access and new trade flows. The proponents are concerned about the selection process of identifying eligible special products. The Draft Modalities for Agriculture suggests that the criteria be quantified in a verifiable manner. This could substantially limit the products that could be selected, including because of a lack of data availability. Furthermore, tariffs for these products are proposed to be subject to reduction, although the proponents had argued for no reduction at least for a part of eligible products. The details of the special safeguard mechanism, another important developmental provision that would allow developing countries to protect domestic producers from import surges and price depression, are yet to be determined. Developing countries have attached utmost importance to this instrument, since price fluctuations are high for many agricultural products and they do not dispose of means other than tariffs to provide security for their farmers.

32. Preference erosion remains a major concern of many preference-dependent countries. These countries have called for mitigating the negative impact of tariff reductions on their preferences through lesser reduction and longer implementation periods for a limited number of products that are most vulnerable to preference erosion, as some products such as sugar and bananas benefit from significant preference margins, while others represent substantial market value with smaller preference margins. Preference erosion is primarily an issue in the European Union market. Addressing preference erosion through trade measures has proved to be contentious, as products vulnerable to preference erosion tend to coincide with tropical products, for which fullest liberalization has been mandated.

33. Commodity dependence remains a major development problem afflicting many countries, particularly in Africa. The long-term decline and volatility of agricultural commodities prices remains a serious obstacle for increased and sustained export earnings. African countries have called for addressing tariff escalation and non-tariff barriers hampering market entry and diversification, and suitable measures to ensure the stabilization of prices at levels that are stable, equitable and remunerative. Least developed countries are exempt from reduction commitment and continue to pursue fullest implementation of duty-free and quota-free market access for their exports.

B. Non-agricultural market access

34. Developing countries have a vital interest in industrial tariffs, as they diversify their economies into manufactures and integrate themselves into the global production and supply chains of raw materials, intermediary and final products. Developing countries' share in world trade rose from 25 per cent in 1995 to 33 per cent in 2005. Manufactures represented 66 per cent of developing countries' merchandise exports, of which 46 per cent was shipped to other developing countries. Industrial imports account for 72 per cent of their merchandise imports. Despite the relatively low average tariffs in developed countries, high tariffs, mostly on labour intensive manufactures, and higher tariffs on processed products, rather than raw materials, persist in some sectors. Developing countries have higher bound rates, and in most cases autonomous liberalization leads to lower applied rates. Higher bound tariffs have provided policy flexibility for countries to raise tariffs if necessary, without need for having recourse to costly trade remedy measures. UNCTAD estimates indicate welfare gains of $107 billion globally under a possible

liberalization scenario with $65.2 billion accruing to developing countries. Adjustment costs increase with more ambitious scenarios.

35. Non-agricultural market access negotiations have become increasingly salient with greater calls for real market access and new trade flows in developing countries, while developing countries found such calls not in line with the Doha negotiating mandate. The Doha mandate provides for reducing or eliminating tariffs, including high tariffs, tariff escalation and non-tariff barriers, especially on products of export interest to developing countries, with special and differential treatment and "less than full reciprocity" in reduction commitments in favour of developing countries.

36. The draft non-agricultural market access modalities was largely criticized by developing countries as lacking balance at their expense. The major concern related to the tariff reduction formula whereby each tariff line, with some exceptions, is subject to a mathematical formula that produces the new bound rate. The structure of the formula — the "Swiss formula" — which reduces higher tariffs by a higher percentage than lower tariffs, had been agreed as a major concession of developing countries. The parameters that actually determine the level of tariff reduction ("coefficients") are now at the centre of negotiations. The proposal in the draft non-agricultural market access modalities to reduce tariffs in developing countries to below 19 to 23 per cent implies average bound tariff cuts of around 60 per cent for developing countries and of around 35 per cent for developed countries. Tariff reductions of such magnitude are expected to reduce current applied tariffs or significantly reduce the difference between bound and applied rates, which would represent flexibility for developing countries to raise applied rates.

37. Developing countries find such higher percentage cuts by themselves contradictory to the principle of "less than full reciprocity", arguing that this mandate requires that developing countries undertake smaller percentage reduction of bound tariffs than developed countries. Developed countries hold the view that the fact that final tariffs remain higher in developing countries than in developed countries after the formula cuts should satisfy the mandate. Developing countries are also concerned about the mandated balance between agriculture and non-agricultural market access. They highlight that reduction commitment by developing countries in non-agricultural market access is disproportionately higher than that undertaken by developed countries in agriculture.

38. Developing countries have underscored the importance of tariffs as development policy tools for the following reasons: (a) the relatively high dependency on tariffs as a source of fiscal revenue and public financing, including for education, health and other social development objectives; (b) high costs associated with introducing alternative sources such as broad-based indirect taxes; and (c) the continued need for protection to promote industrialization and diversification and to pre-empt de-industrialization. While recognizing the need for a cautious approach to tariffs because of associated distortion, they have highlighted the important role played by tariff protection in a number of developed countries in their early stages of industrialization and development.

39. According to the draft non-agricultural market access modalities, some 27 developing countries are subject to formula cut. As special and differential treatment, developing countries applying the formula would have recourse to flexibility not to bind some tariff lines or to apply less-than-formula cuts to limited

tariff lines (5 to 10 per cent) or, alternatively, to apply a less ambitious formula cut. Twelve developing countries with a high proportion of unbound tariff lines are exempt from the formula cut, but bind almost all their tariffs (90 per cent) at 28.5 per cent. The countries concerned had argued for lower binding coverage (70 per cent). Some countries have raised concerns over the possible adverse impact of the formula cuts and binding that may be undertaken by a member of a customs union, such as the Southern African Customs Union, on other members of the customs union exempt from formula cut.

40. Least developed countries are exempt from formula cut. Some 32 small and vulnerable economies, representing individually less than 0.1 per cent of world trade in non-agricultural products, would not apply formula, but would reduce their average bound rate to 14, 18 or 22 per cent, depending on their initial average tariff. This can, in some cases, still imply ambitious steep cuts of their bound rates, albeit with flexibility regarding cuts for individual tariff lines. As regards countries that have acceded to the World Trade Organization since 1995, only 6 of the 16 countries concerned would be exempt from reduction commitments, as they had undertaken significant reduction commitments as part of accession negotiations. The other six would fall within the category of small and vulnerable economies. The others, including China, would be subject to formula cut, but would be provided with a short grace period and a longer implementation period.

41. As in agriculture, preference-dependent countries have called for addressing preference erosion arising from non-agricultural market access tariff reduction through trade measures, including lower tariff cuts and a longer implementation period. Trade solutions had been important for them, as preferences directly affect their export revenue, which could not easily be compensated, at least in a short run, by the development solution. However, other countries not benefiting from preferences are opposed to trade solutions, as such measures would delay realizing their most-favoured-nation market access gains.

42. The reduction and elimination of tariffs in specific sectors ("sectoral initiative") is based on non-mandatory participation and critical mass approach. Various sectors have been proposed. Developing countries had argued that the sectoral initiative did not form core modalities, while developed countries have expressed strong interest in some sectors. The sectoral initiative is of relevance to preference erosion, as it would lead to the elimination of preference margins. Some sectors are those where high tariffs and tariff peaks prevail in developed countries, including textiles, leather, fish and fish products.

43. Non-tariff barriers are considered a key offensive agenda for developing countries. Negotiations are geared towards identifying such barriers affecting countries' exports, but developing countries experienced difficulty in identifying specific barriers adversely affecting their exports. Specific proposals have sought to establish an independent expert arbitration procedure and address various non-tariff barriers relating to specific sectors, e.g. electrical, automotive textiles. Others have proposed to reduce or eliminate export taxes and restrictions that developing countries found to be outside the mandate on the non-agricultural market access negotiations.

C. Services

44. The contribution of services to national income, employment and foreign exchange earnings has increased across countries. Empirical evidence suggests that expanding the services economy is important for developing countries' economic diversification and expansion of the share of manufactures in total merchandise exports. Services represent 52 per cent of GDP and 35 per cent of employment in developing countries, as compared to 72 per cent and over 70 per cent in developed countries. Services directly contribute to building infrastructure, productivity and competitiveness, and upgrading and diversifying productive structure of an economy, hence contributing to eradicating extreme poverty (Millennium Development Goal 1). Some developing countries are successful in exporting services, including tourism, transport, construction and business services, through temporary movement of natural persons (mode 4) and cross-border supply of services (mode 1). The majority of developing countries have yet to exploit the full potential of the services economy and trade, with the 15 largest exporters representing 70 per cent of developing countries' services exports. Realizing gains from liberalization presumes certain preconditions to be in place, including appropriate design, pacing and sequencing of national policies, including for supply capacity-building, macroeconomic stability and institutional and regulatory frameworks.

45. The sector performs important social functions through the provision of essential services (see TD/B/COM.1/EM.30/2). Universal access to education, health and medical, and water and environmental services is essential in achieving universal primary education (Millennium Development Goal 2), reducing child mortality (Millennium Development Goal 4), improving maternal health (Millennium Development Goal 5), and sustainable access to safe drinking water (Millennium Development Goal 7). Given the gender intensity of the services industry, promoting gender equality and women's empowerment (Millennium Development Goal 3) is also relevant. While Government has traditionally played a central role in the provision of such services, private sectors become increasingly important, with the privatization and deregulation of the sectors concerned. Experiences show that liberalization and privatization yielded mixed results in enhancing efficiency, competitiveness and universal access, and point to the case for the important role of Governments in designing adequate policies and regulations that best suit national contexts and conditions. Negotiations have addressed education, environment, postal and courier, energy and telecommunication services. Recently, there has been a call by G-90-plus countries to exclude water services and other essential services from the General Agreement on Trade in Services (GATS).

46. Negotiations on services aim at the progressive liberalization of trade in services and increased participation of developing countries in world services trade. As regards market access negotiations, negotiations are guided by the services negotiating guidelines adopted on 28 March 2001 and annex C of the Hong Kong Ministerial Declaration, which set modal and sectoral objectives. Since 2006, negotiations have been conducted principally on a plurilateral basis. As of July 2007, 71 initial offers and 30 revised offers have been submitted. Least developed countries are exempt from liberalization commitments. They continue to seek effective implementation of the least developed countries modalities adopted in 2003. The suggestion was made recently to extend national treatment commitments

in all committed sectors across countries or to hold a ministerial meeting for signalling and pledging commitments (which may be limited to those having participated in the plurilateral negotiations). The need for such new approaches and modalities has been questioned. Developing countries were concerned that the former proposal may have excessively deep liberalization effects and that the latter may lack inclusiveness and transparency with implications for those not participating in the initiative.

47. Mode 4 can significantly enhance world welfare. Worldwide flows of remittances, including those generated by mode 4 movement, were estimated at $268 billion in 2006. Welfare gains of $156 billion are estimated from a flow equivalent to 3 per cent of developed countries' skilled and unskilled work forces, with most of the gains accruing to developing countries. Gains of $200 billion are estimated if a temporary work visa scheme is adopted multilaterally. Movement of natural persons is also expected to generate spillover effects such as knowledge and skill transfer and human development. Developing countries and least developed countries have called for mode 4 liberalization, especially regarding particular categories of movement that have comparative advantage, including semi- and low-skilled workers and the movement de-linked from commercial presence. A recent plurilateral request by developing countries focused on contractual service suppliers and independent professionals. Despite limited improvement in offers on mode 4 by developed countries, they fail to provide adequate market access. Mode 4 has important development potential and is of particular relevance to broader international efforts such as the General Assembly High-level Dialogue on International Migration and Development, the Global Migration Group and the Global Forum on Migration and Development, to optimize the developmental potential of international migration.

48. Outsourcing through cross-border services supply has emerged as dynamic sectors of the world economy, giving rise to new trade opportunities for developing countries. Global offshore outsource spending is estimated at between $10 and 15 billion. Other estimates suggest that the amount could reach $110 billion by 2010. Some developing countries have argued for full liberalization of modes 1 and 2 in several sectors, including computer-related, professional, research and development, real estate, certain rental/leasing, other business, telecommunication, distribution, environment, financial services, tourism, recreational services and services auxiliary to all modes of transport.

49. As regards GATS rule-making, negotiations on subsidies aim to develop multilateral disciplines to avoid distortive effects that subsidies may have on trade in services, while recognizing the role of subsidies in relation to the development programmes of developing countries and the need for flexibility for them. Recent discussions have pertained to the implications of future disciplines on subsidies that may be applied for universal access purposes. Negotiations on government procurement in services have seen little progress, as views continued to differ among countries on the coverage of the negotiating mandate, including on market access elements. Developing countries have stressed the importance of government procurement for industrial development and social policy objectives. The Commission of the European Community has proposed a draft annex to GATS on government procurement setting out general principles and obligations with the possibility to make specific commitments on government procurement in schedules.

50. Developing countries attach importance to negotiations on an emergency safeguards mechanism. March 2007 saw a new proposal by ASEAN (minus Singapore) providing a good basis for negotiations. The emergency safeguards mechanism would allow Governments a safety valve against possible adverse effects of services liberalization to facilitate adjustment in affected sectors, thereby allowing them to move progressively towards freer trade. While some developed countries remain undetermined about their desirability and feasibility in the services area, many developing countries have highlighted the need for a viable emergency safeguards mechanism as a central component of a Doha services package.

51. Negotiations on domestic regulation relating to technical standards, licensing and qualification requirements for all service sectors have seen significant progress and moved to text-based negotiations on the basis of an April 2007 draft text issued by the Chairman of the working party on domestic regulations. The overall design and stringency of the future disciplines are at issue with developing countries, which are arguing for a sufficient degree of flexibilities for them. Different views exist on the questions of how the disciplines should address a "necessity test", an obligation for prior comment, a carve-out for least developed countries and the design of special and differential treatment. Developing countries have stressed the importance of designing the disciplines in such a way as to strengthen their export opportunities, particularly through mode 4, by complementing market access commitments with facilitated recognition of qualifications of services suppliers so as to allow them effective market entry. Their concern relates to the possible implications of the disciplines for the right to regulate for public policy purposes, including in securing universal access to essential services such as the granting of concessions and the use of licensing fees.

52. Assessment of trade in services, as mandated under GATS and the services negotiating guidelines, is important for the objectives of increasing the participation of developing countries in world trade. Negotiations would be adjusted in the light of the results of such assessment. UNCTAD has assisted developing countries in undertaking assessment of trade in services. The Special Session of the Council for Trade in Services is to conduct an evaluation before the completion of the negotiations of the results attained in terms of increasing participation of developing countries. Such a review would ascertain the extent to which offers provide commercially meaningful market access to developing countries. This is yet to receive specific attention in the negotiations.

D. Development

53. Special and differential treatment and implementation issues continue to be essential to the development dimension of the round, as addressing imbalance in the multilateral trading system on a fast-track basis was part of the balance in the Doha mandate. The initial 88 agreement-specific special and differential treatment proposals have seen little progress in terms of making them more precise, effective and operational, as the progress made at the Hong Kong Ministerial Conference was limited mainly to five least developed countries-specific proposals. Least developed countries continue to urge full implementation of duty-free and quota-free market access for them with transparent and simple rules of origin. No significant movement has been recorded on various implementation issues.

54. Since the World Trade Organization task force recommendations in July 2006, efforts have continued to operationalize Aid for Trade. Aid for Trade would address development, financial and trade needs and challenges facing developing countries in benefiting from trading opportunities, building supply capacity, competitiveness, trade-related infrastructures and adjustment. It is deemed as a complement to, not a substitute for, a successful Round. Consultations are under way to secure new, additional, predictable and non-debt creating resources that remain an important benchmark for a successful Aid for Trade. Developing countries have stressed the importance of genuine additionality in resources, rather than reallocating existing development aid or trade-related capacity-building funds. The country eligibility to the mechanism remains an issue, as the eligibility of non-least developed countries developing countries is yet to be determined, including International Development Association-only countries. Another issue relates to setting up an effective mechanism to match demand and supply of Aid for Trade. Developing countries are expected to mainstream trade into national poverty reduction strategies, including through multi-stakeholder consultations, to identify and prioritize assistance needs, and establish in-country monitoring and evaluation systems to strengthen the effectiveness and sustainability of assistance. Developing countries have called upon development partners to be forthcoming in responding in an effective and timely manner to the needs and priorities identified by beneficiary countries through mainstreaming trade in their development assistance plan and programming. Despite the importance attached to national Aid for Trade needs and priorities, they continue to stress the importance of securing and enhancing regional and global, public-good type trade-related technical assistance and capacity-building programmes, particularly through multilateral institutions, including the United Nations/UNCTAD.

E. Rules

55. The negotiations on anti-dumping rules have addressed outstanding issues such as "zeroing". Negotiations on subsides witnessed a proposal to broaden prohibited subsidies, inter alia, to government payments to companies to cover operating losses, forgiveness of government-held debt, and government lending to "uncreditworthy" companies. Developing countries were concerned over its implications for their industrial policies. Fishery subsidies are seen as contributing to the depletion of fishery resources. The discussion focuses on broad-based top-down prohibition. Small vulnerable coastal States have called for exemptions for subsidies on the artisanal fisheries, processing industry and access fees. On regional trade agreements, the agreement on a transparency mechanism in 2006 has shifted the attention to systemic issues, including special and differential treatment under article XXIV of GATT, "substantially all the trade" and transition period. The issues are of particular relevance to developing countries negotiating regional trade agreements with developed countries such as African, Caribbean and Pacific States.

F. Trade facilitation

56. Trade facilitation is important as costs of border crossing and other transaction costs are estimated at between 1 and 15 per cent of the value of traded products, higher than applicable customs tariffs in many cases. World Trade Organization negotiations have focused on customs-related matters relating to transit, fees and

formalities, including clearance and publication and administration of trade regulations. Cost implications of proposed measures remain a major concern such as risk assessment requiring customs automation. Developing countries have proposed a categorization of commitments and a positive list approach so that different commitments can be implemented in different time frames, subject to the provision of capacity-building support and the acquisition of implementation capacities.

G. Trade-related aspects of intellectual property rights

57. Since developing countries often lack technological capacities, the transfer and dissemination of knowledge, technology and know-how are essential for the development process, poverty reduction and gender empowerment. Certain intellectual property rights, such as drug patents and access to essential medicines, are important to the objective of combating HIV/AIDS, malaria and other diseases (Millennium Development Goal 6), reducing child mortality (Millennium Development Goal 4) and improving maternal health (Millennium Development Goal 5). The protection of biodiversity, traditional knowledge and genetic resources contribute to environmental sustainability (Millennium Development Goal 7).

58. An agreement was reached in August 2003 to temporarily waive the obligations of article 31 of the Agreement on Trade-Related Aspects of Intellectual Property Rights so that the countries with insufficient or no manufacturing capacities in the pharmaceutical sector could import a patented medicine produced under compulsory licences, and the formal amendment of the Agreement on Trade-Related Aspects of Intellectual Property Rights was adopted in December 2005. To date, only seven countries have ratified the amendment, despite the target date set at 1 December 2007 for the amendment to enter into force. The slow pace of the ratification is a matter of concern, and the effectiveness of the system has been questioned.

59. Developing countries have attached importance to clarifying the relationship between the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Convention on Biological Diversity, traditional knowledge and genetic resources, as they find certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights to be in conflict with the objectives of the Convention on Biological Diversity, particularly in respect of possible bio-piracy through patents. A group of developing countries proposes to introduce in the Agreement on Trade-Related Aspects of Intellectual Property Rights mandatory access, benefit-sharing and prior informed consent to limit the misappropriation of genetic resources and traditional knowledge through patents, including through a disclosure obligation on the country of origin of the resources and traditional knowledge, evidence of prior informed consent for access, and fair and equitable benefit-sharing from their use. Proposed enforcement procedures envisage remedies including suspension/revocation of patent and patent application. Some developed countries are opposed to the proposal, as they see no conflict between the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Convention on Biological Diversity and consider that it would hamper innovation.

60. Geographical indications can serve as an important marketing tool, especially for processed agricultural products whose quality, reputation or other characteristics are essentially attributable to geographical origin. Two issues are important: (a) the

establishment of a multilateral register for wines; and (b) the extension of a higher level of protection to products other than wines and spirits. The so-called "old world" countries, such as European Union countries and developing countries, seek to expand and enhance the legal protection given to geographical indication. As regards the extension of a higher level of protection, the issue of whether to launch formal negotiations remains.

VI. Conclusions

61. International trade continues to be a powerful engine of growth and development. Developing countries have emerged as major players in international trade and trade negotiations. Against this backdrop, a balanced and fair outcome of the Doha Round, with substantial development content, is essential to realizing an open, transparent, predictable, non-discriminatory and equitable multilateral trading system and to contributing to development objectives enshrined in the Millennium Development Goals, particularly the fight against poverty. The Doha Round needs to be brought to its successful conclusion. This is all the more important, as the credibility and the viability of the multilateral trading system are at issue. The development ambition and content of the Round must be upheld as an essential benchmark of a Doha development package. Key to this remains enhanced and predictable market access and market entry for developing countries in agricultural and non-agricultural products and services, particularly commercially meaningful commitments in modes 4 and 1, genuine agricultural policy reform to end distortions, and improved and development-sensitive fair and equitable rules. The effective operationalization of the principles of special and differential treatment and "less than full reciprocity", supported by an ambitious and operational Aid for Trade, would be instrumental for rendering the trading system sensitive to the development aspirations of developing countries and ensuring their sustainable and beneficial participation in international trade.

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Eradication of poverty and other development issues: implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Report of the Secretary-General

Summary

The present report is submitted in response to General Assembly resolution 61/213, in which the Assembly requested the Secretary-General to prepare a comprehensive report evaluating the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006), including recommendations on maintaining the momentum generated by the implementation of the Decade. The report provides an overview of key developments that took place during the Decade, including the strengthened commitment to poverty eradication at the national and international levels. It addresses some challenges in poverty reduction and concrete initiatives undertaken during the Decade. The report concludes with a set of recommendations for consideration by the Assembly.

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I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 61/213 in which the Assembly requested the Secretary-General to prepare a comprehensive report evaluating the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006), including recommendations on maintaining the momentum generated by the implementation of the Decade.

2. The first United Nations Decade for the Eradication of Poverty (1997-2006) was proclaimed by the General Assembly at its fiftieth session as part of the implementation of the Programme of Action of the World Summit for Social Development.[1] The Decade followed the International Year for the Eradication of Poverty (1996), with a view to supporting a longer-term, sustained effort to implement fully and effectively the commitments made at all major United Nations conferences.

3. The scope of the Decade was broad and inclusive, and built upon the Summit's comprehensive approach to poverty eradication in the context of achieving people-centred sustainable development (see resolution 51/178). The Decade stemmed from the recognition of the multidimensional and complex nature of poverty and the need to develop framework conditions and policies that were conducive to its eradication at both the national and international levels.

4. The present report gives an overview of how the commitment to poverty eradication was fulfilled at the national and international levels, and addresses the major challenges faced by countries and the international community in pursuing that objective. It also highlights some of the concrete initiatives taken during the Decade and presents policy recommendations for consideration by the Assembly.

II. Progress over the Decade

A. Commitment to national action and international support

5. At the World Summit for Social Development, Governments committed themselves to the eradication of poverty as an ethical, social, political and economic imperative of humankind. To achieve that objective, Governments resolved to develop national strategies and to establish time-bound and specific targets to eradicate absolute poverty. The Summit called upon Governments to focus their efforts and policies on addressing the root causes of poverty, on providing for the basic needs for all, especially women and other vulnerable groups, and on ensuring that poor people have access to productive resources, including credit, education and training. As part of that commitment, Governments needed to reinforce the means and capacities for people, particularly poor people, to participate in decision-making to create a policy and regulatory environment that would reduce inequalities and enable them to benefit from expanding employment and economic opportunities.

6. While recognizing that national Governments have the primary responsibility for eradicating poverty, the Summit acknowledged the critical role of the United

[1] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex II.

Nations system in that regard. International organizations, particularly international financial institutions, and donors were encouraged to support policies and programmes aimed at achieving the goal of poverty eradication and ensuring provision for the basic needs of all. To that effect, Governments of developed countries committed to strive for the fulfilment of the agreed target for official development assistance.

7. Five years after the Summit and three years into the Decade, the twenty-fourth special session of the General Assembly recognized that progress in eradicating poverty had been mixed.[2] In many developing countries, the number of people living in poverty had increased while the provision of social services had deteriorated, leaving many without access to basic social services. Lack of resources, inadequate levels of economic development, weak infrastructures and inefficient administrative systems had all undermined measures to eradicate poverty.

8. Against that background, the special session decided to set up a bold target to reduce the proportion of people living in extreme poverty by one half by 2015 and emphasized the need for comprehensive national strategies for poverty eradication that were integrated into policies at all levels, including economic and fiscal policies. Governments were encouraged to develop and implement sustainable pro-poor economic growth strategies that enhanced the potential and ability of poor people by providing them access to productive resources and microfinance and by establishing programmes to raise productivity and improve knowledge, skills and capabilities.

9. In September 2000, at the United Nations Millennium Summit, world leaders decided to endorse the commitment made at the special session to halve extreme poverty by 2015 and included poverty eradication as one of the key objectives of the global development agenda.[3] Two years later, the Monterrey Consensus[4] that emerged from the International Conference on Financing for Development framed poverty eradication as a systemic challenge that must be approached from a broad perspective. It produced a new global compact that commits developing countries to improving their policies and governance and simultaneously calls on developed countries to increase support, especially by providing developing countries with more and better aid, debt relief and greater access to markets, which are important for poverty eradication.

10. Nine years into the Decade, the 2005 World Summit viewed reductions in poverty in some countries with encouragement while remaining concerned about the slow and uneven progress towards poverty eradication and the realization of other development goals in some regions of the world. The Summit reaffirmed the commitment to eradicate poverty and promote sustained economic growth, sustainable development and global prosperity for all. It emphasized the need for urgent actions, including more ambitious national development goals and efforts backed by increased international support.

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[2] *Official Records of the General Assembly, Twenty-fourth Special Session, Supplement No. 3* (A/S-24/8/Rev.1), chap. III, annex, sect. II, para. 10.

[3] See resolution 55/2, part III.

[4] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

1. National development frameworks and poverty eradication

11. During the Decade, many developing countries prioritized poverty reduction by setting poverty reduction targets and by formulating and implementing national poverty reduction plans and strategies. In support of national efforts to achieve internationally agreed development goals, the United Nations system put in place integrated operational frameworks for national capacity development.

12. The first such initiative, the Poverty Strategies Initiative, was launched by the United Nations Development Programme (UNDP) in 1996. The Initiative supported efforts in more than 100 countries to diagnose poverty and improve their capacity for policy analysis and implementation. Through such activities as qualitative poverty assessments, household surveys and poverty maps, analyses of social spending and aid flows to basic services, and the preparation of national human development reports, the Initiative played a role in advancing poverty awareness, stimulating national debate and mobilizing national actors behind common policy goals in poverty reduction strategies.

13. In 1999, the World Bank and the International Monetary Fund (IMF) introduced poverty reduction strategy papers (PRSPs) as a new approach to lending that would ensure that debt relief money would go to poverty reduction. The core principles underlying PRSPs include a focus on outcomes that benefit the poor; recognition of the multidimensional nature of poverty; national ownership, with broad participation by civil society in designing and monitoring such strategies; and a long-term perspective on the challenges and on the need for commitments to reduce poverty.

14. Poverty reduction strategy papers have been instrumental in placing poverty reduction at the centre of the public policy debate in many countries. As of January 2007, 64 countries had presented PRSP documents to the Executive Board of the World Bank. Of those, 34 were in Africa, 11 in Asia, 8 in Latin America and 11 in economies in transition.[5] Less than half of the countries that have prepared poverty reduction strategy papers are under the Heavily Indebted Poor Countries (HIPC) Initiative.

15. The focus of PRSPs has increasingly been on the achievement of the Millennium Development Goals, especially Goal 1. In that sense, the PRSP approach has provided an operational framework for Governments to set their development priorities, particularly that of poverty eradication, and to specify policies, programmes, and resources needed to meet their goals.[6] As a result, improvements have been made in the policy and institutional performance of several countries. However, the overall governance environment remains difficult in most low-income countries.[7] Designing medium-term strategies to achieve long-term development goals has proven a daunting challenge for many such countries.[6] Furthermore, there often is a wide gap between domestic resources and financing requirements needed to achieve the Millennium Development Goals. For a typical low-income country, additional financing of public interventions needed has been

[5] See http://siteresources.worldbank.org/INTPRSI/Resources/boardlist.pdf.

[6] "2005 review of the poverty reduction strategy approach: balancing accountabilities and scaling up results" (Washington, D.C., International Monetary Fund and World Bank, 2005).

[7] World Bank, Governance Research Indicators Dataset (Washington, D.C., 2003).

estimated to be in the order of from 10 to 20 per cent of gross national product (GNP).[8]

16. The need for identifying country-specific poverty circumstances and capacity constraints prior to developing policy responses was a major consideration in the Secretary-General's 1997 reform agenda, which aimed to make the United Nations more effective and coherent in supporting national efforts towards achieving the internationally agreed development goals. Since the adoption of the common country assessment and the United Nations Development Assistance Framework as strategic planning and evaluation tools for the United Nations system at the country level, a total of 164 common country assessments have been prepared and 146 United Nations Development Assistance Frameworks were reported as completed.[9]

17. Earlier assessment and programming carried out within national development frameworks tended to approach poverty only from an income point of view, in striking contrast to the multidimensional and complex view of poverty endorsed at the World Summit for Social Development. The earlier trend was initially accentuated by the adoption of the United Nations Millennium Declaration, which refers to poverty as living on less than one dollar a day. The very mixed outcome of interventions based on such a narrow concept led to an evolution of thinking on poverty and poverty reduction efforts and to the adoption of a definition that encompasses other dimensions of poverty as well as income, such as access to health and social services, education, gender equality, social exclusion, powerlessness and lack of voice or representation.

18. Countries that have achieved significant success in reducing poverty have done so by adopting long-term strategies that address the multidimensional nature of poverty and the diversity of the poor while taking into consideration the national economic, social and cultural situation. To do so, not only do Governments need to assume full ownership and responsibility for the development of their country, they must also be able to choose from a range of policies. In particular, it is important to expand national policy space for development by aligning international partnerships with the national strategies designed by the countries themselves. To that end, Governments committed themselves at the 2005 World Summit, to adopt by 2006 comprehensive national development strategies.

2. Global partnership for development

19. The recognition that national efforts to eradicate poverty should be complemented by supportive global programmes has been reaffirmed at all United Nations conferences and summits including at the World Summit for Social Development, the International Conference on Financing for Development and the 2005 World Summit. However, joint action for development has yet to be achieved. To some extent, trends in official development assistance (ODA) during the first Decade reflected an attempt to translate that commitment into action.

20. During the first Decade, trends in official development assistance were upward. After a protracted decline during the 1990s, development aid from member

[8] See United Nations Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (London, Earthscan, 2005), chap. 17.

[9] As of February 2007.

countries of the Organization for Economic Cooperation and Development (OECD) grew from $48.5 billion in 1997 to between $52 and $53 billion during the period 1998-2001, followed by a rapid increase up to a record $106.8 billion in 2005.[10] In 2006, ODA was down to $103.9 billion, a 5.1 per cent drop in constant dollars.[11] However, the 2005 increase in ODA was largely driven by debt relief while, in real terms, spending on core development programmes remained at the level of the early 1990s.

21. Furthermore, ODA is still far from the United Nations target of 0.7 per cent of gross national income of developed countries. In 2006, development assistance barely reached 0.3 per cent. Since the Millennium Declaration, only 5 out of 22 Development Assistance Committee countries have reached or exceeded the commitment to increase ODA to 0.7 per cent of their gross national income (GNI).[12]

22. International cooperation for development, particularly aid programmes of the international financial institutions as well as some donor countries, has become more oriented towards the poorest countries. As a result, ODA to the least developed countries more than doubled between 2000 and 2005, while efforts to address poverty challenges in middle-income developing countries received limited international support.

23. Progress made in relieving the external debt burden of developing countries, particularly of the poorest countries, as agreed in the Millennium Declaration, has been critical to improving their financial capacity to invest in areas with high social returns and, consequently, in more effective poverty reduction programmes. Two initiatives played a significant role in that regard. Under the Heavily Indebted Poor Countries Initiative, the debt stock of 29 countries was reduced by 90 per cent and their debt service by 2 per cent between 1999 and 2005.[13] The nominal debt service relief for those 29 countries represents $61 billion, which has favoured an increase of public expenditures on education and health by 3 per cent in those countries. Since 2005, with the introduction of the Multilateral Debt Relief Initiative, 19 countries that made progress in their economic and social reforms have received an additional debt stock relief of $30 billion.

24. International trade, once considered by international financial institutions as an avenue for driving economic growth and reducing poverty, has been reassessed more sceptically. Trade-driven output gains have been limited to countries with established export leads in the agricultural or manufacturing sectors, while countries at an early stage of developing their productive capacities in either sector suffered significant adverse economic and social consequences from premature trade liberalization.

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[10] Organization for Economic Cooperation and Development, *Development Database on Aid from DAC Members: DAC Online* (Paris, 2007). Available from http://stats.oecd.org/wbos/default.aspx?DatasetCode=TABLE.

[11] José Antonio Ocampo, statement to the Development Committee, Washington, D.C., 15 April 2007.

[12] *The Millennium Development Goals Report, 2007* (United Nations publication, Sales No. E.07.I.15).

[13] World Bank, *World Development Indicators, 2007* (Washington, D. C., 2007).

B. Key challenges

1. Poverty reduction: an uneven picture

25. Since poverty is a multidimensional phenomenon, the assessment of poverty trends requires consideration of a series of indicators relating to income, hunger, health and education, and gender equity.

26. Assessing poverty trends on the basis of income over the Decade points to three major conclusions. First, the number of people living in poverty in developing countries increased in the late 1990s. The total number of people living on less than $1 a day in developing countries rose from 1,088 billion in 1996 to 1,109 billion in 1999, while those living on less than $2 a day increased from 2,666 billion to 2,721 billion.[14] Second, the population living in absolute poverty has been steadily decreasing since 2000. In 2004, the number of people living on less than $1 a day and $2 a day were down to 969 million and 2,534 billion respectively. As a consequence, the proportion of the population living in extreme poverty declined from 22.7 per cent in 1999 to 18.1 per cent. The population living on $2 a day has also decreased, but at a slower pace, as many people escaping the $1 trap do not escape the $2 trap. Third, if current trends were to continue, it is estimated that there still would be over 800 million people living on under $1 a day in 2015.[15]

27. Although the world as a whole is on track to meet the poverty target of the Millennium Development Goals, significant disparities exist at the regional level. Many countries continue to face deep-seated obstacles and challenges for poverty reduction. Global poverty reduction has been driven by the growth of East and South Asia, regions that are on track to achieve the goals.

28. In contrast, sub-Saharan Africa is farthest from reaching the poverty target. Between 1996 and 2004, the share of people in extreme poverty in the region fell from 47.7 to 41.1 per cent. However, continued higher population growth kept the absolute number of poor at nearly 300 million. In this region, which already had the highest poverty rate in the world, the situation deteriorated further, accounting now for 30 per cent of the world's extreme poor.[13]

29. Existing data also suggest that, overall, the rural poverty rate fell much more than the urban rate.[16] However, the distribution of poverty between rural and urban areas varies greatly among regions. South Asia and Latin America have the highest urban-to-rural poverty ratio.

30. Child hunger, measured by the proportion of children under five who are underweight, declined by one fifth worldwide during the period 1990-2005.[17] However, some regions are unlikely to meet the target of halving the proportion of people who suffer from hunger. South Asia and sub-Saharan Africa continue to have the largest proportion of children living in hunger. In 2005, the proportion of children living in hunger in the two regions was 46 per cent and 29 per cent respectively.

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[14] Shaohua Chen and Martin Ravallion, "Absolute poverty measures for the developing world, 1981-2004", World Bank Policy Research Working Paper Series, No. 4211 (Washington, D.C., 2007).

[15] Ibid.

[16] Ibid.

[17] Ibid., p. 8.

31. With regard to health indicators, developing countries have made some significant gains. For example, under-five mortality rates for children in developing regions fell from 106 per 1,000 live births in 1990 to 83 in 2005.[18] However, the pace of progress has been uneven across regions and countries. Sub-Saharan Africa, South Asia, and the countries of the Commonwealth of Independent States experienced limited progress. Where basic health services continued to be neglected, child survival did not improve. Furthermore, in countries that made significant progress, child mortality improved much faster among the better-off social groups and those who had some education than among the poor.

32. Progress in education can be captured by analysing the total net enrolment ratio in primary education. In developing regions, the ratio increased from 80 per cent in 1990 to 88 per cent in 2005. Those figures do not include countries that were in a conflict or post-conflict situation.[19] Data also suggest that girls and children from poorer or rural families remained least likely to attend school. Adult literacy also improved, although gender disparities still persist. Male adult literacy rose from 78 per cent to 83 per cent in low- and middle-income countries between 1990 and 2002, while female literacy rates rose from 62 per cent to 70 per cent during the same period.[20] Although sub-Saharan Africa made progress towards universal enrolment, it still trailed behind other regions, with 30 per cent of its children of primary school age out of school.

2. Employment creation is lagging behind

33. Creating decent and productive employment is the most effective and sustainable pathway to reducing poverty. However, global performance in promoting employment over the Decade was disappointing. Between 1996 and 2006, the global labour force grew by 16.6 per cent to 2.9 billion. That figure represents about two thirds of the 4.6 billion people of working age (15 years and over). During the same period, the unemployment rate worldwide rose from about 6.0 to 6.3 per cent, with the number of unemployed increasing by 34 million, to 195 million people in 2006. That increase occurred as global economic output grew at the rate of 3.8 per cent per annum, giving rise to the phenomenon of "jobless growth".

34. In Latin America and the Caribbean, the unemployment rate remained around 8 per cent during the period 1996-2006, as economic growth, averaging 3 per cent, accommodated the growing labour force. In contrast, in South-East Asia and the Pacific, the unemployment rate rose significantly, from 3.7 per cent in 1996 to 6.6 per cent in 2006, reflecting in part the lingering impact of the 1997-1998 Asian crisis. In the same period, unemployment in South Asia rose from 4.4 per cent to 5.2 per cent despite annual growth in gross domestic product of 5.8 per cent.

35. Unemployment in Africa remained among the highest in the world, although unevenly distributed across countries. The unemployment rate in sub-Saharan Africa increased slightly between 1996 and 2006 to 9.8 per cent, even as GDP grew at 3.9

[18] Ibid., p. 15.

[19] Ibid., p. 11.

[20] World Bank Group, *EdStats*, database of Education Statistics (available from http://www1.worldbank.org/education/edstats) and *GenderStats*, database of gender statistics (available from http://devdata.worldbank.org/genderstats/home.asp).

per cent per annum. In the Middle East and North Africa, the unemployment rate declined from 13.0 per cent to 12.2 per cent.

36. The unemployment rate provides an incomplete picture of the employment situation in the world. It fails to reveal the link between poverty and work. Most of the poor in developing countries are not unemployed. They work in low-productive jobs where they cannot earn enough to raise themselves and their families above the poverty threshold. It is estimated that in 2006, 1.4 billion of those working did not earn enough to lift themselves and their families above the $2-a-day poverty line, although the proportion of $2-a-day working poor declined from 55 per cent to 47.4 per cent between 1996 and 2006.

37. The total number of working poor living on $1 a day declined from 570 million to 503 million between 2000 and 2006, except in sub-Saharan Africa where it increased by 14 million. In Latin America and the Middle East and North Africa, the situation remained almost unchanged. Over the same period, the total number of working poor living on $2 a day declined in Central and Eastern Europe (non-European Union) and the Commonwealth of Independent States, and most significantly, in East Asia. However, that number increased in South-East Asia and the Pacific, South Asia and the Middle East and North Africa with the biggest rise — 26 million — occurring in sub-Saharan Africa. Africa has the highest level of working poor in total employment compared to other regions, struggling with low productivity, underemployment, high demographic growth, increasing youth unemployment, and the impact of HIV/AIDS on the labour force.[21]

3. Unequal access to development benefits

38. Global conferences have recognized that broad-based and pro-poor economic growth is essential to the eradication of poverty and to all internationally agreed development goals, including the Millennium Development Goals. Such growth directly facilitates poverty reduction and expands resources and capacities for achieving other development goals. Promoting pro-poor economic growth that creates productive employment is especially important.

39. Since the early 2000s, trends in the economic growth performance of developing countries have been encouraging as a result of improved policies and governance. However, the benefits of that economic growth in the developing regions have been unequally shared, both among and within countries. Per capita income in the Middle East and North Africa and in Latin America and the Caribbean declined between 1991 and 2001. Only East Asia and the Pacific and South Asia registered improvements during the same period.[22]

40. Although many developing countries enjoyed economic growth, data show that the poorest benefit less from growth than the rest of the society. Between 1990 and 2004, the share of national consumption by the poorest fifth of the population in developing countries decreased from 4.6 to 3.9 per cent.[12] Inequality remains highest in Latin America and the Caribbean and in sub-Saharan Africa, where the

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[21] Economic Commission for Africa, *Economic Report on Africa 2005: Meeting the Challenges of Unemployment and Poverty in Africa* (United Nations publication, Sales No. E.05.II.K.9), chap. 2.

[22] *Report on the World Social Situation 2005: The Inequality Predicament* (United Nations publication, Sales No. E.05.IV.5).

share of national consumption by the poorest fifth was 2.7 per cent and 3.4 per cent in 2004, respectively. In East Asia, inequalities are now widening considerably, since the share of national consumption by the poorest fifth was 4.5 per cent in 2004, as compared to 7.1 per cent in 1990.

4. Access to financial resources

41. There has been increasing recognition of the important contribution that the provision of financial services, such as credit, savings, insurance to poor and low-income people, could make to poverty reduction and the achievement of the Millennium Development Goals. Over the Decade, a growing body of research showed that microcredit and microfinance enabled poor people to increase incomes and build financial assets, contributed to creating jobs and fostered gender equality. Those services also enhanced productivity in agriculture and in the informal urban economy, thus contributing to the equitable distribution of the benefits of economic growth. Microcredit and microfinance, by facilitating access to basic social services such as education, health care, safe water and sanitation, have been proven to help empower poor women, who are able to translate their increased incomes into essential investments.

42. In addition, access to such financial services as loans, savings, microinsurance, and other products provides the poor with a cushion in times of economic crises and natural disasters and reduces their vulnerability to disasters. Microfinance also improves the household's risk management capacity through the enhancement of social capital, derived from training and capacity-building.

43. While microfinance programmes and initiatives to assist poor people became popular over the past decade, there is still a considerable unmet need for microcredit and microfinance. An estimated 400-500 million poor and low-income people worldwide remain without access to microfinance. Reaching the poorest of the poor, in particular, is a major challenge. Despite the many studies and reports documenting their positive contribution to poverty reduction, microcredit and microfinance constitute neither a panacea for poverty nor a formula for achieving social development. The reality is that microcredit and microfinance work best only in certain situations, and only with certain types of clients.

44. It is becoming clear that many poor, especially extremely poor, clients exclude themselves from such microcredit or microfinance services. In general, microcredit programmes that typically require sustained, regular and significant payments are unlikely to be attractive to, or financially viable for, poor families that lack sustained, regular and significant incomes. Rather than credit, extremely poor people need social protection programmes that can help them with basic needs.

45. It is also important to design background interventions that build the market for microfinance clients. Such interventions can range from building infrastructure and opening up new markets for the produce of the poor to providing business development services. Often, it is those interventions that create conditions and opportunities for microfinance and not the other way around.

5. Reducing poverty in sub-Saharan Africa

46. Africa, particularly sub-Saharan Africa, continues to experience major challenges in reducing poverty. The sustained growth in GDP that Africa

experienced throughout the Decade had little impact on poverty reduction or on achievement of the Millennium Development Goals.[23] Strong growth rates were driven by exports of primary commodities and were not accompanied by significant job creation. Investments went to such capital-intensive industries as mining and energy, to the detriment of the manufacturing sector, whose share of the African GDP and labour force declined during the 2000s. Furthermore, traditional African labour-intensive industries lost their competitive edge on both the domestic and foreign markets in the wake of the expiration of the Agreement on Textiles and Clothing of the World Trade Organization on 1 January 2005. As a consequence, agriculture remained the primary source of employment for Africans and accounted for 70 per cent of the African labour force in 2005.

47. In Southern and South-Eastern Africa, the increasing spread of HIV/AIDS remained a major challenge for the labour supply and labour productivity. It was estimated that 25 million people were living with HIV in sub-Saharan Africa in 2006, accounting for 63 per cent of HIV-positive people and 90 per cent of children living with the virus in the world.[24] Women represented 59 per cent of the infected population in sub-Saharan Africa, a figure unparalleled in the rest of the world.

48. The pandemic has brought a crisis to Africa that strains health systems that are already functioning poorly and ill-equipped, destroys traditional support networks, undermines agriculture and increases malnutrition, challenges gains in education and health and, altogether, adversely affects poverty reduction efforts.

49. Ambitious, one-size-fits-all macroeconomic stabilization and reform programmes, implemented by African Governments under the pressure of the international financial institutions, turned out to be ill-designed to address country-specific structural constraints and growth potentials, and failed to put African countries on paths conducive to social and institutional development. Unfortunately, options for designing and implementing pragmatic fiscal policies and sound monetary policies that preserve macroeconomic stability while promoting investment, employment creation and growth remain limited in view of Africa's crippling external debt.

50. Africa's external debt remained high at $286 billion in 2005, compared to $311 billion in 1995. Although debt-service payments fell from $32.8 billion in 1997 to $23.1 billion in 2002, they rose again to $31.8 billion in 2005.[25] To address that challenge, a number of debt relief programmes were agreed to by the international community. In 1996, the World Bank and the International Monetary Fund launched the Heavily Indebted Poor Countries Debt Initiative. The goal of the Initiative is to reduce the external debt burden of the world's poorest, most heavily indebted countries in order to accelerate their growth and development. In 1999, HIPC was modified in order to strengthen the linkages between debt relief, poverty reduction and social policies. In 2005, the Initiative was supplemented by the Multilateral Debt Relief Initiative (MDRI) to help accelerate progress towards the achievement of the Millennium Development Goals.

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[23] See Economic Commission for Africa, *Economic Report on Africa 2007: Accelerating Africa's Development through Diversification*, p. 2 (United Nations publication, Sales No. E.07.II.K.1).

[24] See Joint United Nations Programme on HIV/AIDS, *AIDS Epidemic Update: December 2006* (Geneva, 2006).

[25] See E/2006/17, p. 13.

51. Expectations that the region's external debt would be substantially reduced under HIPC Initiative and that economic reforms would stimulate private capital inflows have been slow to materialize. Of the 41 countries classified as heavily indebted, 33 are in Africa. To date, debt reduction packages have been approved for 30 of the heavily indebted countries, including 25 in Africa. Since its inception, the initiative has provided $35 billion in debt service relief to the heavily indebted countries.

52. Debt relief efforts to help the poorest of the poor were also addressed by the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002. Although the Conference agreed on a new partnership for global development, no specific debt relief goals were agreed to. The Conference recognized the need for developing countries to take responsibility for their own poverty reduction, while rich nations were encouraged to support those efforts by increasing financial aid and promoting more open trade.

53. The vision of promoting African ownership in addressing the continent's development challenges was further embraced at the Group of Eight Summit at Gleneagles, Scotland, in 2005. At the summit, the leaders of the Group of Eight signed the Gleneagles Communiqué in which the Group of Eight, inter alia, promised to boost funding efforts for achievement of the Millennium Development Goals in Africa. The Group of Eight agreed to double aid for Africa by 2010, by making available at least $25 billion per year, more than doubling aid to Africa as compared with 2004.

54. In 2004, total ODA to Africa was $26.5 billion, compared to $16.2 billion in 2001. Official development assistance has remained unchanged since 2004, excluding debt relief and special initiatives.[26] However, total aid to Africa has not yet reached the historic peak achieved in 1990 of $33.3 billion. Five years after the International Conference on Financing for Development and two years since the pledge made at the Gleneagles summit, progress in scaling up assistance to Africa to support the Millennium Development Goals agenda is lacking.[27]

55. In spite of debt relief initiatives, the debate continues as to whether those initiatives adequately address the needs and priorities of Africa's heavily indebted poor countries. There is general agreement that for all the debt relief initiatives to leave a lasting imprint on the daily lives of ordinary people, debt relief funds must actually reach the poor and other socially disadvantaged groups. That will require African countries to undertake a series of broad social, economic, financial and political reforms to improve transparency, reduce corruption and spur broad-based economic growth.

C. Specific initiatives

56. During the Decade, poverty eradication was brought to the forefront of the work of the intergovernmental machinery and became an overarching theme of global summits, particularly those held within the framework of the General Assembly. The issues addressed and decisions taken at the Economic and Social

[26] See United Nations, "Africa and the Millennium Development Goals, 2007 Update", p. 4 (New York, 2007).

[27] See World Bank and IMF, *Global Monitoring Report 2007*, p. 15.

Council's substantive sessions throughout the Decade, especially the themes of its high-level and coordination segments, focused attention on critical issues of policy, implementation and coordination, with the aim of accelerating the pace of poverty reduction. The outcomes of the deliberations of the Commission for Social Development played a critical role in informing the debate among Member States and in bringing to the fore the consideration of the complexity and multidimensional nature of poverty as well as pointing to the centrality of promoting employment for poverty reduction.

57. A number of special initiatives were also undertaken during the Decade to further strengthen the commitment to eradicate poverty at the national and international levels: the World Solidarity Fund; the International Year of Microcredit; and International Human Solidarity Day. Renewed impetus and visibility were also given to the observance of the International Day for the Eradication of Poverty.

1. World Solidarity Fund

58. As part of the Decade, the concept of solidarity was promoted as crucial in the fight against poverty and in the involvement of all relevant stakeholders, through initiatives such as the establishment of the World Solidarity Fund to eradicate poverty and the proclamation of International Human Solidarity Day.

59. By its resolution 57/265, the General Assembly established the World Solidarity Fund, which was set up in February 2003 as a trust fund of the United Nations Development Programme. Its objective is to eradicate poverty and promote human and social development in developing countries, in particular among the poorest segments of their populations. A report containing recommendations on mechanisms, modalities, terms of reference, mandates and governance for the operationalization of the fund was submitted to the General Assembly at its fifty-seventh session (A/57/137). Resources from the Fund are to be used to assist in halving extreme poverty by 2015 and in the achievement of other Millennium Development Goals, such as halving the proportion of people without access to safe water, reducing child mortality by two thirds and maternal mortality by three quarters, achieving universal access to basic education and improving the lives of slum-dwellers.

60. In keeping with the terms of resolution 57/265, the Fund is to encourage the role of the private sector and individual citizens in funding its endeavours. Furthermore, the Fund will support requests received from Governments of developing countries for financing poverty alleviation projects, including initiatives from community-based organizations and small private sector entities. A high-level committee, composed of persons with practical experience in business, development and Government, was established to define the strategy of the Fund and to mobilize resources to enable it to start activities.

2. International Year of Microcredit, 2005

61. The International Year of Microcredit (resolution 53/197), observed in 2005, brought together United Nations agencies, civil society organizations and the private sector to promote microfinance and microcredit as key instruments for reducing poverty and achieving the Millennium Development Goals. The Year substantially contributed to increasing global awareness of microcredit and microfinance, and

provided a platform for building partnerships, sharing experiences and best practices and further enhancing financial sectors that support sustainable pro-poor financial services. It received a widespread global response and interest and galvanized efforts at the national, regional and international levels.

62. The accomplishments of the Year are credited to the collaboration of diverse actors, including representatives from Governments, national committees, United Nations agencies, the microfinance community, academia, civil society, the private sector, media and microentrepreneurs. National-level activities and initiatives played a key role in the success of the Year. Over 100 countries joined the global efforts to build inclusive financial sectors, and 61 countries established national committees to celebrate the Year. The Year's initiatives created a clear commitment to building inclusive financial sectors at the national level that embrace poor people and their communities.

63. More than 300 meetings, conferences, forums and other events around the world were dedicated to the observance of the Year. At those events, experts shared their knowledge and discussed ways to improve financial services for poor people. Many of the conferences and panel discussions were organized with non-governmental organizations, microfinance institutions, and major universities and business schools.

64. Major activities carried out under the auspices of the Year in partnership with the organizations of the United Nations system, in particular the publication *Building Inclusive Financial Sectors for Development* (the "Blue Book")[28] and the data project, had an important impact on further promoting the commitment to develop inclusive financial sectors in which all people have access to affordable financial services. The data project brought together a small group of expert statisticians and researchers to address current data gaps, anticipate future needs and build agreement on the best way forward for Governments, the private sector and multilateral organizations to gather concrete data on the access to microfinance. In addition, the Global Microentrepreneurship Awards Programme served to celebrate and reward microentrepreneurs around the world and contributed to promoting an entrepreneurial culture, establishing strong partnerships and increasing the visibility of microentrepreneurs.

65. Following the International Year of Microcredit, the Advisers Group on Inclusive Financial Sectors was established within the United Nations Capital Development Fund for a two-year term, with its principal role to advise the United Nations system and Member States on global issues relating to inclusive finance. The Advisers Group released at its recent meeting the key messages on best practices for expanding access to finance for the poor targeted at Governments, regulators, development partners and the private sector.

3. International Human Solidarity Day

66. Both the United Nations Millennium Declaration and the 2005 World Summit emphasized the value of partnership and solidarity in helping to reach the Millennium Development Goals, especially relating to poverty. International Human Solidarity Day was proclaimed in the wake of the 2005 World Summit to serve as an initiative in the fight against poverty and to raise awareness of the importance of

[28] United Nations publication, Sales No. E.06.II.A.3.

solidarity. In its resolution 60/209, paragraph 43, the General Assembly decided that International Human Solidarity Day should be observed on 20 December each year.

67. The first International Human Solidarity Day was launched at a ceremony on 10 November 2006 at United Nations Headquarters that was attended by representatives of Governments and where the logo for the Day was unveiled. The Economic and Social Council also organized a special event to commemorate the Day. Both events were intended to raise awareness of the importance of advancing the United Nations development agenda, especially the eradication of poverty and promoting global understanding of the value of human solidarity.

4. International Day for the Eradication of Poverty

68. The International Day for the Eradication of Poverty (resolution 47/196), observed on 17 October since 1993, continued to play an important role in raising public awareness and mobilizing all stakeholders in the fight against poverty.

69. The International Day has been observed around the world, largely as a day to remember and honour the daily struggles of people living in poverty. It represents an opportunity to acknowledge the efforts and struggles of people living in poverty and a chance for them to make their concerns heard. It also provides a means to recognize that poor people are in the forefront in the fight against poverty. The participation of the poor themselves has been at the centre of the celebrations of the International Day since its very beginning.

70. The review undertaken to assess the impact of the International Day and to identify ways to promote mobilization of all stakeholders in the fight against poverty (A/61/308) has shown that this event can be an important tool in support of national efforts to eradicate poverty, by promoting dialogue and collaboration among stakeholders. Beyond raising awareness of the need to eradicate poverty or its human rights dimensions, the lessons learned from observance of the International Day point to its potential to serve as an important vehicle where the forces of global and national campaigns can join together to realize the Millennium Development Goals, in particular the goal to eradicate poverty and hunger.

71. Recommendations to promote and enhance observance of the International Day included encouraging all Member States to make the International Day a national day for action involving all stakeholders and citizens so that observance of the event could be a rallying point for national and global campaigns to eradicate poverty and achieve the Millennium Development Goals; encouraging all stakeholders to ensure that human rights are mainstreamed into development discussions as a key tool in the eradication of poverty and to achieve the Millennium Development Goals, and to ensure the participation of poor people and the inclusion of the most isolated groups in society; and encouraging Member States that do not currently observe the International Day to consider doing so.

III. Conclusions and recommendations

72. The present evaluation of the first United Nations Decade for the Eradication of Poverty takes place at the midpoint of the Millennium Development Goals. The assessment is familiar: poverty is retreating globally, but much remains to be done. Progress has also been very slow in some parts of the world. A somewhat similar

assessment was already made in 2000 at the twenty-fourth special session of the General Assembly and again at the 2005 World Summit. This suggests that the breadth of the challenge calls for a much longer time frame.

73. By the end of the Decade, poverty reduction had become an overarching theme of all global summits and conferences and had been firmly anchored at the core of the development agenda. The mixed results in achieving progress towards poverty reduction have led to a better understanding of the nature and range of deep-rooted obstacles that countries face in their efforts to reduce poverty. Off-the-shelf macroeconomic policy fixes have largely failed the reality test and there is, now, agreement on the need to develop comprehensive national development strategies and priority lines of action.

74. The national development strategies need to be broad and inclusive, and should adopt an integrated and holistic approach that can address poverty in all its dimensions: access to health services, education, food, productive employment and decent work and financial resources; gender equality; the empowerment and participation of all disadvantaged groups, including the poor, in the development process. Strategic lines of action include pragmatic fiscal policies and sound monetary policies that preserve macroeconomic stability while promoting public and private investment, employment creation and growth. While the concept is getting clearer, its operationalization remains a challenge.

75. It has become evident that, without support from the donor community, national capacity-building and mobilization of national resources cannot be achieved by countries that experience serious difficulties in reducing poverty. Unfortunately, repeated commitment to align official development assistance with national efforts to reduce poverty has been limited to debt relief, and spending on core development programmes has remained constant over the Decade.

76. It is equally important for the international community to contribute to national efforts by creating a global economic environment that promotes employment in developing countries.

In the light of the issues covered in the present report, the General Assembly may wish to consider the following recommendations:

(a) **Urge Member States, organizations of the United Nations system, civil society, non-governmental organizations and all other partners to reaffirm their commitment and continue undertaking more concerted efforts in the fight against poverty at the national and international levels through various initiatives and activities;**

(b) **Urge all countries with extreme poverty to develop and implement a national development strategy in order to halve extreme poverty by 2015;**

(c) **Encourage the organizations of the United Nations system, the Bretton Woods institutions and the donors to continue assisting developing countries in achieving the internationally agreed development goals, including the Millennium Development Goals, in particular the goal of poverty eradication.**

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Item 122 of the provisional agenda*
Implementation of the resolutions of the United Nations

Letter dated 16 August 2007 from the Permanent Representative of China to the United Nations addressed to the Secretary-General

With reference to the letter submitted by the Solomon Islands and a very few other countries on 14 August 2007 on the so-called issue of "Taiwan's application for United Nations membership", I have been instructed to solemnly state China's position as follows:

1. The Solomon Islands and a very few other countries, instigated by the Taiwan authorities and in defiance of the purposes and principles of the Charter of the United Nations, have requested the issue of the so-called "Taiwan's application for United Nations membership" to be considered in the forthcoming session of the General Assembly in a blatant attempt to clamour for and create "Taiwan independence". This is absolutely preposterous. It is an act that wantonly tramples on the purposes and principles of the Charter of the United Nations and General Assembly resolution 2758 (XXVI), seriously violates China's sovereignty and territorial integrity, gravely intervenes in China's internal affairs and seriously hurts the feelings of the 1.3 billion Chinese people. The Chinese Government and people strongly condemn and firmly oppose such an act.

2. Taiwan has been an inalienable part of China's territory since antiquity. Both the 1943 Cairo Declaration and the 1945 Potsdam Proclamation have reaffirmed in unequivocal terms China's sovereignty over Taiwan as a matter of international law. Although the mainland and Taiwan are not yet reunited, the fact that the two sides belong to one and the same China has never been changed. This is the status quo of cross-Straits relations, and is an objective reality that nobody can change. Up to date, more than 160 countries in the world have established diplomatic relations with China. They all recognize the one-China principle and that Taiwan is a part of China. This is also the principle that the United Nations has consistently adhered to.

3. In 1971, the United Nations General Assembly at its twenty-sixth session adopted, by an overwhelming majority, the historic resolution 2758 (XXVI), whose political and legal meaning is very clear. It is based on a self-evident fact that China

* A/62/150.

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is an integrated country and that Taiwan is a part of China. Thus the issue of China's legal representation was resolved. In accordance with this resolution, the Government of the People's Republic of China resumed its legal representation in the United Nations, inherited the rights and obligations under China's name and was identified as the sole legal representative of China in the United Nations. Therefore, China's representation in the United Nations has long been resolved once and for all, politically, legally and in terms of procedures. It is ignorant of the Taiwan authorities and a handful of people with ulterior motives to falsely claim that resolution 2758 (XXVI) did not resolve the issue of Taiwan's representation in the United Nations. Such a claim is utterly unfounded. Any attempt to distort or even deny the authority and validity of General Assembly resolution 2758 (XXVI) is futile.

4. It is clearly stipulated in the Charter of the United Nations that only sovereign states are eligible to apply for membership in the United Nations. The principle of universality is also based on sovereign states. As a part of China, Taiwan has never been a sovereign state. It is therefore not eligible to participate in whatever name and under whatever pretext in the United Nations, nor is it in the slightest sense applicable to the principle of universality. No sovereign state in the world would allow one of its provinces or regions to participate in the United Nations, an organization whose membership requires statehood. As a matter of fact, up to date, no sovereign state has ever allowed one of its regions to apply for membership in the United Nations. This is why the motion on the so-called "China's representation" became invalid automatically when it was tabled by a few countries after the adoption of General Assembly resolution 2758 (XXVI) in 1971. This is also why the General Committee of the successive sessions of the General Assembly since 1993 have all flatly refused to include the so-called issue of "Taiwan's participation in the United Nations" in the agenda of the General Assembly. This has fully demonstrated the determination of the vast number of Member States to safeguard the Charter of the United Nations and General Assembly resolution 2758 (XXVI). It also shows that the Taiwan authorities will never obtain international support in their attempt to split China by raising the so-called issue of "Taiwan's participation in the United Nations".

5. The question of Taiwan is a purely internal affair of China. As a matter between the Chinese people across the Taiwan Straits, it brooks no external interference. In fact, nobody in the world cares more about the prospect and interests of the 23 million Taiwan compatriots than the Chinese Government and people. The position of the Chinese Government on the question of Taiwan is firm and clear. We have consistently adhered to the fundamental principle of "peaceful reunification and one country, two systems" and the "Eight-point Proposition on the Development of Cross-Straits Relations and the Promotion of the Peaceful Reunification of the Motherland". President Hu Jintao has pointed out that "peace and development should be the themes of cross-Straits relations and the common objectives of the people across the Taiwan Straits". This gives full expression to the sincerity and resolve of the mainland in promoting the peaceful and stable development of cross-Straits relations and charts the course for the relations across the Taiwan Straits. In recent years, the Chinese Government has taken a series of new measures and steps to promote cross-Straits exchanges and cooperation and achieve peaceful and stable development of cross-Straits relations. This has received the support of the compatriots on both sides of the Taiwan Straits and won the wide

acclaim of the international community. It has been amply proved that promoting cross-Straits exchanges, jointly maintaining peace and stability across the Straits and generating benefits to people on both sides of the Straits are the ardent aspirations of the entire Chinese people, including the Taiwan compatriots.

6. To uphold state sovereignty and territorial integrity and achieve an early and complete reunification serves the fundamental interests of the entire Chinese people, including the Taiwan compatriots. The Chinese Government has made every effort and worked with utmost sincerity to promote peaceful and stable development of cross-Straits relations and strive for the prospect of peaceful reunification. However, the Taiwan authorities have obstinately acted against the aspirations of the people on both sides of the Straits, stuck to their separatist position for "Taiwan independence", and tried their utmost to disrupt and damage the development of cross-Straits relations. They have attempted to sever the geographical, historical and cultural bond between Taiwan and the mainland and brazenly sought "de jure Taiwan independence" through "constitutional reengineering" and other steps. Since the beginning of this year, the Chen Shui-bien authorities have instigated a very small number of countries to play the trick of sending letters to the United Nations in an attempt to deceive the United Nations and the international community. At home, they have lost no time in pushing for referendum on the so-called "Taiwan's application for the United Nations membership" so as to change the status quo that both Taiwan and the mainland belong to one and the same China and work towards "de jure Taiwan independence". The "Taiwan independence" forces and their separatist activities remain the biggest obstacle to cross-Straits relations and constitute the biggest threat to peace and stability across the Taiwan Straits. If not curbed in time, they will cause serious tension in the Straits, gravely affect cross-Straits relations and severely jeopardize peace and stability in the Asia-Pacific region. We hope the Member States see through the adventurous and dangerous nature and serious consequences of the Taiwan authorities' separatist activities for "Taiwan independence". No matter what plots are employed, any act that attempts to confound black and white, subvert General Assembly resolution 2758 (XXVI) and give impetus to Chen Shui-bien's separatist activities for "Taiwan independence" is doomed to failure.

7. Respect for state sovereignty and territorial integrity and non-interference in a country's internal affairs are fundamental principles of the Charter of the United Nations cherished by all countries. China has strictly followed those principles in its relations with other countries. China values its relations with all Member States of the United Nations and has never done anything harmful to the interests of the above-mentioned co-sponsor countries, but those countries, on the question of Taiwan, have been repeatedly undermining the national interests of China and hurting the feelings of the Chinese people. Their act has also gravely obstructed the work of the General Assembly and wasted the precious resources of the United Nations and its Member States. We strongly urge those countries to change their positions, strictly abide by the Charter of the United Nations and General Assembly resolution 2758 (XXVI), and identify themselves with the great number of Member States on the Taiwan question. We have every reason to believe that in our just cause of safeguarding state sovereignty and territorial integrity, the Chinese Government and people will continue to receive the understanding and support of all parties.

I have the honour to request that the present letter be circulated as a document of the sixty-second session of the General Assembly under item 122 of its provisional agenda.

(*Signed*) **Wang** Guangya
Ambassador Extraordinary and Plenipotentiary
and Permanent Representative of the
People's Republic of China to the United Nations